Contemporary Developments in Parliamentary Oversight in Francophone Countries

Edited by: RICK STAPENHURST AND LOUIS IMBEAU

About This Publication

Contemporary Developments in Parliamentary Oversight in Francophone Countries outlines the results of research undertaken on the mandates, organization, resources, and practices of Standing Committees on Finance (SCF) around *la francophonie*. Through the contributions of several authors, the book also provides country and regional case studies of oversight in *la francophonie*. It has been published by the Canadian Audit and Accountability Foundation on behalf of the authors, and all views expressed are those of the authors.

At the Canadian Audit and Accountability Foundation, we have engaged in substantial research on the role and functioning of an effective Public Accounts Committee, which along with the institution of the Auditor General plays an integral role in oversight in Commonwealth countries. We believe this publication, with its focus on the SCF model prevalent in *la francophonie*, provides fresh context and insights to an area that has not seen the same level of attention and focus. While this is not a CAAF publication, we are making it available as part of our commitment to knowledge sharing with our members and the broader oversight community.

About the Canadian Audit and Accountability Foundation

The Canadian Audit and Accountability Foundation is a premier Canadian research and education foundation. Our mission is to strengthen public sector performance audit, oversight and accountability in Canada and abroad. We build capacity in legislative audit offices, oversight bodies, and departments and crown corporations by developing and delivering:

- Training workshops and learning opportunities;
- Methodology, guidance and toolkits;
- Applied and advanced research;
- Information sharing events and community building initiatives.

Visit us at www.caaf-fcar.ca for more information about our products and services.

Published by:

Canadian Audit and Accountability Foundation
1505 Laperriere Avenue, Suite 100
Ottawa, Ontario CANADA
K1Z 7T1

Tel: 613-241-6713

www.caaf-fcar.ca

ISBN: 978-1-926507-23-1

Table of Contents

Introduction....4

Chapter 1 Parliamentary Control of Public Finance....9
Louis Imbeau and Rick Stapenhurst

Chapter 2 Oversight of Public Financial Management in Low to Middle Income Francophone Countries....26
Alice French

Chapter 3 The Evolution of Parliamentary Oversight of Public Finance in France....56
Mohamed Djouldem

Chapter 4 Budgeting in Francophone Africa: Divergences from the Original French Model....80
Ian Lienert

Chapter 5 Public Financial Oversight in the Napoleonic Tradition: The Case of Niger....104
Louis M. Imbeau

Chapter 6 Budget Expenditure Control Reform in MENA Countries: Establishing Public Accounts Committees in Morocco and Tunisia....121
Dina Melhem

Chapter 7 Budgeting in Cambodia, Lao PDR and Vietnam: Divergences from the Traditional French Model....137
Ian Lienert

Chapter 8 Armenian Parliamentary Oversight in Transition? The Evolution of Parliamentary Control Over Public Spending in Post-Soviet Armenia....155
Hamazasp Danielyan

Introduction

After relative neglect, legislative oversight has received increasing attention from practitioners and scholars alike over the past 15 years. Attention has been paid to *why* oversight matters, *what* oversight is, *how* it works and, in the context of the budget process, what *role* legislative audit committees play and *why* they are important. At the same time, however, there is no consensus on precisely what oversight is.

What Is Oversight?

Key Functions of Legislatures

Summarizing the literature, Manning and Stapenhurst (2002) noted that legislatures and their members perform three important functions. First, they make policies and pass laws. They are representative bodies for collective decision-making, working with governments to determine policies and enact legislation. It is generally recognized that there are three core functions that legislatures perform: legislation, representation and oversight. Second, they represent citizens. They give voice to individual citizens, civil society organizations and business groups, representing the needs of local constituents in policymaking. And third, they oversee the executive arm of government. They oversee policy implementation, scrutinizing the work of government and holding it to account.[1]

Oversight as Activities of Supervision

Despite the fact that legislative oversight has attracted growing attention from scholars and parliamentary strengthening practitioners alike, there is still not universal agreement on what oversight should look like in practice. Schick (1976), for example, has suggested that it consists of *ex post* legislative supervision of the policies and programs enacted by government, while Maffio (2002) adopted a broader perspective and includes the *ex-ante* supervision of the executive's legislative proposals.

Following a different approach, Olson and Mezey (1991) and McCubbins and Schwartz (1984) suggest that oversight refers to the set of activities that a legislature performs in order to evaluate the implementation of policies—although Rockman (1984) and Ogul and Rockman (1990) noted that there is much greater variety as to how oversight can be defined, and that definitions of oversight range from minimalistic to all-encompassing.

Ogul (1976, p. 11) defined legislative oversight as "the behavior of legislators and their staffs, individually or collectively, which results in an impact, intended or not, on bureaucratic behavior, which affects executive behavior." Legislative oversight, thus, includes the legislature's review and evaluation of selected activities of the government, both before and during the policy-making phase and the subsequent policy implementation phase. Its goal is to ensure that the government and its agencies, as agents, remain responsive and accountable to citizens directly and to the legislature, as principals (Ogul and Rockman, 1990). This definition is implicit in Olson's (2008) distinction between oversight (which is similar to this definition) and "scrutiny,"

[1] Manning and Stapenhurst (2002) also noted a fourth function, recruiting future leaders. They suggested that legislatures are stepping stones and training grounds for senior positions – such as Ministers – in the executive arm of government. However, this function is less commonly recognized in the literature.

which concerns the role of the legislature in preparing policies (see Doering, 1995; Drewry, 1989; and Blondel, 1973).

Models of Oversight

McCubbins and Schwartz's (1984) propose a distinction between "Police Patrols" and "Fire Alarms" models of oversight. Police Patrols oversight is defined as centralized, active and direct. For instance, a legislature examines a sample of executive agency activities with the aim of detecting and remedying any violations of legislative goals and, by its surveillance, discouraging such violations. On the other hand, the Fire Alarms model is less centralized, and involves less active and direct intervention. In this model, the legislature establishes a system of rules, procedures and informal practices, which enable individual citizens and organized interest groups to examine administrative decisions, charge for violations, and seek remedies from agencies, courts and the legislature itself. The legislature then waits for someone to pull the "alarm," indicating that there is a problem requiring investigation (e.g., through a public hearing). This may lead observers to (perhaps mistakenly) view the legislature as not sufficiently exercising its oversight role. Yet proponents of this view argue that legislatures are more likely to get involved in oversight when it is worthwhile to them in terms of gaining political support from such activities. The Fire Alarms model increases the likelihood that oversight time is spent on issues important to constituents, and that legislators will get "credit for redressing grievances." However, these two models are not mutually exclusive and most legislatures use a combination of the two.

Adapting a rather different approach, Ogul (1976) identified a number of "opportunity factors" that, in the United States at least, promote or limit the potential for oversight, namely legal authority or obligation, adequate staff, importance of the policy being overseen, the legislative committee system and its status within the legislature, the scope of oversight given executive-legislative relations, political party influences and the priorities of individual legislators. Stapenhurst (2011) and Stapenhurst, Pelizzo and Jacobs (2014) demonstrate that one of the principal oversight tools is the committee charged with financial oversight.

Public Accounts Committees and Finance Committees

Much has been written on oversight, and especially financial oversight, in countries that apply the 'Westminster' model of governance. Starting with McGee's (2002) seminal piece, there has been substantial research and practical interest in the Public Accounts Committee, which, together with the institution of the Auditor General, is the centerpiece of financial oversight in Commonwealth and, increasingly, non-Commonwealth countries alike (inter alia, Stapenhurst, Pelizzo and Jacobs, 2014; Pelizzo and Stapenhurst, 2004 and Stapenhurst, Saghal, Woodley and Pelizzo, 2005). In contrast, there has been scant attention paid to the Standing Committees of Finance (SCF), which, in Francophone countries, have similar – but broader – mandates to the PACs.

To correct this imbalance, we researched the mandate, organization and resources of SCFs around *la francophonie*. Reflecting and building upon the approaches noted above, we identified key criteria determining the capacity of SCFs, their statutes (i.e. mandate and organization), their practices (e.g. access to witnesses and public nature of their work) and resources, both financial and human. In selecting these

criteria, we ensured that our results would be comparable to research undertaken on PACs, most notably found in Stapenhurst, Pelizzo and Jacobs (2014) and Stapenhurst and Prater (forthcoming). This book presents these results, along with country and regional case studies of oversight in *la francophonie.*

Book Outline

Chapter 1 presents the results of our research on parliamentary control of public finance in Francophone countries[2]. Here, we set the scene for the rest of this book. We first consider what oversight is, then present the conceptual underpinnings of our research on oversight, focusing especially on the principal-agent theory. We present our research design and then summarize our results, highlighting the differences between the French archetype system and the system followed in other Francophone countries.

In Chapter 2, Alice French presents an overview of public financial management in low and middle-income Francophone countries. Using the Public Expenditure and Financial Accountability (PEFA) assessments, she notes that there is wide variation in PEFA scores across Francophone countries, and that weak oversight is more prominent in African, rather than other, Francophone countries.

Chapter 3, by Mohamed Djouldem, presents a detailed description of legislative oversight in France. He explains the historical evolution of the French system from 1789 to the present time, noting the context for the establishment of key accountability institutions such as SCF and the *cour des comptes* and, especially, the 2001 Organic Law on Finance Laws, which marked a major change in the way that the French Parliament oversaw public finances.

Ian Liennert examines the way the 'traditional' (i.e. pre-2001 Organic Law) French system of public finance influences contemporary Francophone Africa (Chapter 4) and Indochina (Chapter 7). Interestingly, he built an 'index of budget similarity' and concludes that while Francophone African countries have replicated the institutional arrangements of their former colonial power, in Indochina there were critical junctures at independence and, as a result, the budgetary systems of Lao PDR and Vietnam, and to a lesser extent, Cambodia, are significantly different from that of France.

Chapters 5 and 6 examine developments in two former French territories in Africa. In Chapter 5, Louis Imbeau examines the case of Niger and in so doing, deepens the analyses of Chapter 4. After considering the practices of the West African Economic and Monetary Union and recent reforms in Niger, he concludes that in many respects Niger has remained more faithful to the 'Napoleonic model' than has France and that additional reforms are hampered by the lack of resources that Nigerian institutions have. By contrast, in Chapter 6 Dina Melhem examines recent public financial management reforms in Morocco and Tunisia, where she detects a shift away from a French parliamentary system to the Westminster model and, in particular, the creation of Public Accounts Committees.

---

[2] Funded by a grant from Canada's Social Sciences and Humanities Research Council

And finally, in Chapter 8, Hamazasp Danielyan presents the evolution of parliamentary oversight in Armenia, over the past two and a half decades. Despite close historical ties with France, post-independence Armenia has, until recently, had a semi-presidential form of government marked by strong executive government with weak parliaments. To correct this imbalance of power, the constitution was rewritten and Armenia now has a parliamentary system of government. Whether this results in improved financial oversight remains to be seen, however.

List of References

Blondel, J. (1973) *Comparative Legislatures* (Englewood Cliffs, NJ: Prentice Hall).

Doering, H. (1995) (ed.) *Parliaments and Majority Rule in Western Europe* (New York, NY: St. Martin's Press).

Drewry, G. (1989) (ed.) *The New Select Committees* (Oxford, UK: Clarendon Press).

Maffio, R. (2002) Quis Custodiet ipsos Custodes? Il Controllo Parlamentare dell' Attiva di Governo in Prospettiva Comparata, *Quaderni di Scienza Politica*, IX(2), pp. 333–383.

Manning, N. and F. Stapenhurst (2002) Strengthening Oversight by Strengthening Legislatures *PREMNote No. 74* The World Bank, Washington, DC

McCubbins, M. & Schwartz, T. (1984) Congressional Oversight Overlooked: Police Controls vs. Fire Alarms, *American Journal of Political Science,* 28(2), pp. 165–179.

McGee, D (2002) *The Overseers: Public Accounts Committees and Public Spending* (London: Commonwealth Parliamentary Association and Pluto Press)

Ogul, M. S. (1976) Congress Oversees the Bureaucracy: Studies in Legislative Supervision (Pittsburgh, PA: University of Pittsburgh Press).

Ogul, M. S. & B. A. Rockman (1990) Overseeing Oversight: New Departures and Old Problems, *Legislative Studies Quarterly,* 15, pp. 5–24.

Olson, D. and Mezey, M. (1991) *Legislatures in the Policy Process: Dilemmas of Economic Policy* (Cambridge, UK: Cambridge University Press).

Pelizzo, R and R. Stapenhurst (2004) *Tools of Legislative Oversight* Policy Research Working Paper # 3388, World Bank, Washington, DC

Rockman, B. (1984) Legislative-Executive Relations and Legislative Oversight, *Journal of Legislative Studies,* 9(3), pp. 387-440.

Schick, A. (1976) Congress and the Details of Administration, *Public Administration Review,* 36, pp. 516–528.

Stapenhurst, R (2011) Presidentialism and Parliamentarianism Revisited. Unpublished PhD thesis. Australian National University

Stapenhurst, R, V. Sahgal, W. Woodley and R. Pelizzo (2005) *Scrutinizing Public Expenditures. Assessing Performance of Public Accounts Committees.* Policy Research Working Paper # 361, The World Bank, Washington, DC

Stapenhurst, Pelizzo and Jacobs (2014) Following the Money: Comparing Parliamentary Public Accounts Committees (London: Pluto Press)

Stapenhurst, R and B. Prater (forthcoming) editors *Parliamentary Scrutiny of Public Finance: Public Accounts Committees Around the World* [working title] Canadian Audit and Accountability Foundation, Ottawa.

Chapter 1

Parliamentary Control of Public Finance

Louis Imbeau and Rick Stapenhurst

As noted in the Introduction, legislative oversight has received increasing attention from practitioners and scholars alike. Most of this attention has been devoted to Anglophone countries. We undertook an important survey of Francophone countries with the aim of documenting the capacity of their Finance Committees to control public finance. In this chapter, we present the main findings of our research. We proceed in four steps. First, we describe the budget process in general and the place parliamentary oversight occupies in it. Second, from a principal-agent perspective, we answer the question: Why is legislative oversight needed? Third we describe our method. Fourth we present and discuss our results and then we conclude.

Legislative oversight in the budget process

The making of the budget of a government is a complex process that is usually divided into four stages: preparation, adoption, implementation, and evaluation. Wehner (2004) uses the equivalent terms of drafting, legislative, implementation, and audit (see diagram 1).

The first two stages take place before the beginning of the fiscal year[3]. The preparation of the budget extends from the first months of the previous year to early Fall. During this period, the Finance ministry issues spending guidelines to departments and agencies. From these, departments submit draft budgets for their services. After negotiating with spending departments, the executive makes the final decisions and submit its budget project to parliament. Then starts the second stage. The budget is tabled in the legislature, analyzed by parliamentary committees and it is accepted, amended or rejected by parliament. In general, the powers of the legislature to amend or reject the budget are quite limited. The budget is generally adopted before the beginning of the fiscal year.

The third stage of the budget process, implementation, takes place during the fiscal year. Funds are appropriated to spending departments and agencies to implement activities. Throughout the year, the Finance ministry monitors spending, making sure that what is being spent corresponds to what was voted by the legislature. If a budget adjustment is needed during the year, it is submitted to parliament for approval. The fourth stage, evaluation, lasts for several months after the end of the fiscal year. The Supreme Audit Institution (SAI), in most francophone countries the Court of Account, assesses departmental accounts and performance and publishes a report to be reviewed by parliament. The budget process ends with the adoption of a Budget settlement act (*loi de règlement*) generally to be adopted no later than the opening day of the budget session of the year following that of the execution of the budget to which it refers[4].

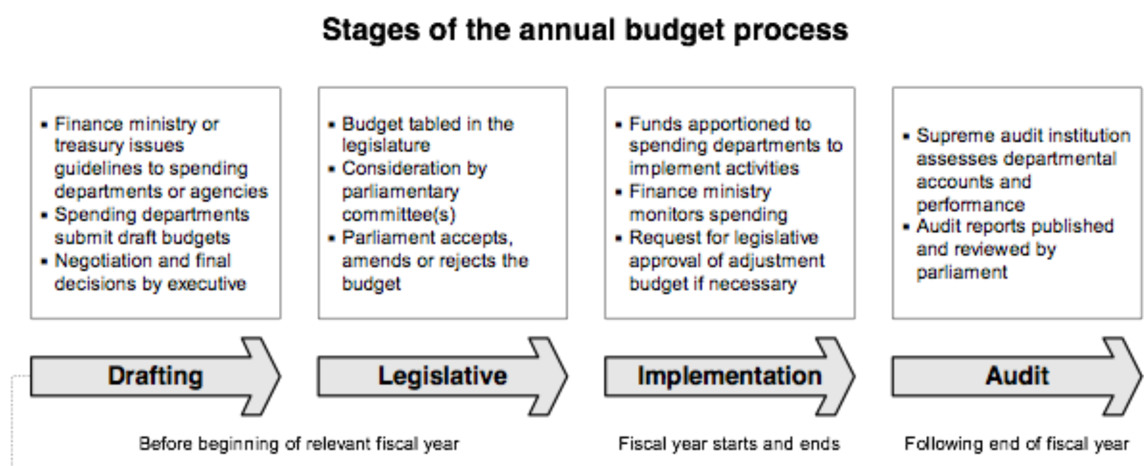
---

[3] In most francophone countries that we analyzed, the fiscal year goes from January to December.
[4] In France, the Budget Settlement Act must be tabled at the latest on June 1st of the year following that of the execution of the budget to which it refers.

To summarise, the budget process for fiscal year 2017, for example, would follow a schedule similar to this one (note that this schedule could vary from one country to another):

- Jan-Sept 2016: Preparation of the budget
- Oct 2016: Budget session starts
- Oct-Dec 2016: Analysis and adoption by Parliament
- Jan 2017: Fiscal year starts
- Jan-Dec 2017: Implementation
- Jan-Oct 2018: Evaluation
- Oct 2018: Adoption of the Budget Settlement Act

Diagram 1



Source: Wehner (2004)

Legislatures undertake oversight in two ways (Maffio, 2002): they can oversee the preparation of a given budget (*ex ante* oversight), or they can oversee the implementation of a given budget (*ex post* oversight). In terms of the budget process, legislatures play an *ex ante* role in budget formulation/approval and an *ex post* role in budget implementation/evaluation.

Over the past decade, much has been written on the role of the legislatures in the budget process. Wehner (2004, 2006, 2010) demonstrated that countries with presidential and non-Westminster parliamentary systems —including France— had a more significant *ex ante* role in the budget process, while Stapenhurst (2011) showed that parliamentary systems in general played a stronger *ex post* role.

Fasone and Griglio (2013) concurred, noting that the UK (Westminster system) is characterized by low *ex ante* capacity and highly developed *ex post* capacity while the French (Napoleonic) system has medium ex ante capacity and high ex post capacity. They attribute this to there being a powerful Public Accounts Committee (PAC) in the United Kingdom, which plays a strong *ex post* oversight function but is not strong in

coordinating with the finance committee, while in France the Finance committees play both an *ex ante* and an *ex post* function. They note further that the mandate and scope of the French oversight committees were updated and expanded substantially in 1999.

Comparing public expenditure management systems across Africa, Lienert (2003) noted relatively stronger *ex post* oversight in Anglophone countries with PACs but that most francophone African countries had not updated their financial laws, as France had done in 2001, to expand the role of legislative oversight. He further noted that in general financial management systems were weaker in francophone countries than in anglophone. In 2010, the Parliamentary Centre concurred, although it was noted that in the countries they reviewed[5] audit reports were often late, which made PAC reviews less useful for control purposes and that there were hardly any feedback mechanisms to ensure that recommendations from the legislature were factored into the budget development process.

Abdourahmane and Crouzel (2004) noted that despite a shared institutional framework of formal procedures and rules with France, francophone African countries' budget processes are characterized by numerous weaknesses, including weak separation of powers and predominance of executive power. Furthermore, they highlighted that participation of the legislature in the budget process in francophone African countries is weak, due to the lack of necessary budget skills and knowledge of legislators. However one must acknowledge the recent efforts made by members of the *Union économique et monétaire ouest africaine (UEMOA)* to improve and standardize their budgetary and financial management procedures in the wake of the adoption of the *Loi organique relative aux lois de finances (LOLF)* in France in 2001 and its implementation in 2006 (for an overview of the LOLF, see chapter 3 by Mohamed Djouldem).

In short, the budget process is complex and the role of the legislature in it varies from country to country. Before proceeding to assess this variation among francophone countries we need to address the issue of why legislative control of public finance is needed. We will answer this question from a principal-agent perspective.

Why is legislative control of public finance needed? A principal-agent perspective

Like any complex social organization, the public sector is characterized by the delegation of responsibilities. Because they cannot do everything by themselves, superiors (principals) delegate their responsibilities to subordinates (agents) who act on their behalf. However, the actions of agents do not always correspond to what their principal expected, hence there remain coordination problems. In terms of this 'agency theory', the source of the problem is the information asymmetry between the principal and his or her agents. Agents typically know more about their services than the principal. Assuming the rationality of actors, one would expect that under information asymmetry an agent will use his information advantage to serve his or her own interest rather than his or her principal's objective.

---

[5] Benin, Ghana, Kenya, Senegal, Tanzania, Uganda and Zambia

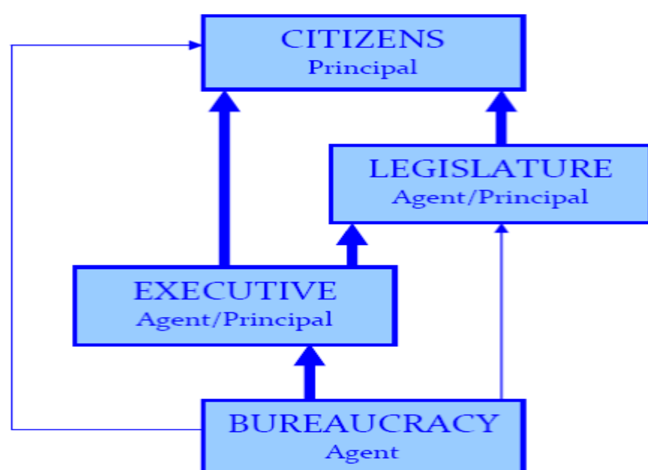
This situation was first analyzed in the context of private enterprises. Fukuyama (2004), referencing Berle and Means (1932), notes that ownership has been divorced from management and that managers (or "agents") have subsequently been charged with looking after the interests of the owners (or "principals"). A problem arises in that "…agents often face individual incentives that differ sharply from those of the principals." In other words, managers do not serve the interests of the owners but their own.

The principal-agent theory has been also applied to the public sector, especially to the relationship between citizens, legislature, executive and bureaucracy in a democratic context. Citizens (as principals) delegate to public officials (as agents) their responsibility over part of their resources as they let public officials decide the amount of money that will be extracted from citizens through taxation and the way this money will be allocated. We have here a clear principal-agent relationship as there is information asymmetry between the two. Public officials know much more about the budget process than the ordinary citizen. Therefore, there is an incentive for public officials to use their advantage to further their own objective.

But the delegation of responsibilities goes deeper into the public administration, from the legislative to the executive, and from the executive to the bureaucracy. Parliaments delegate to the executive the responsibility to prepare a budget and to monitor its implementation once it is adopted. Finally, the executive delegates to departments and agencies the responsibility of implementing the budget. At each level of delegation, we find the same information asymmetry in favor of agents, parliament over citizens, executive over parliament, bureaucracy over executive and the same incentive for agents to shirk from their principal's objective. In addition, we see that to each delegation corresponds an accountability relation as agents must report to their principal (Diagram 2).

Information asymmetry brings about two problems for the principal. First, he or she faces the risk of *adverse selection*, i.e. of choosing an agent with the wrong characteristics. For example, citizens may elect an incompetent official for lack of knowledge of his/her credentials. The principal also faces the risk of *moral hazard*, i.e., the possibility that her agent will not look after her interests (assuming that the principal's interests correspond to the interests of his/her organization). The executive, for example, may allocate money to uses that were not intended by the legislature in the budget law. It is therefore important for the principal to take action to monitor his/her agents, hence the necessity of legislative oversight.

Diagram 2 Accountability Relations as Agency



Source: Stapenhurst (2011)

Legislatures use several instruments to respond to agency problems. The adverse selection problem is solved through the vote of no confidence (which is aimed at defeating the government, and replacing it by another through election), and by the publication of the supreme audit institution's report and question period. These last two instruments are used to lower the popularity of government thus decreasing the probability of its re-election. The moral hazard problem is solved by the creation of institutions like finance committees, supreme audit institutions and public accounts committees which use their *ex-ante* and *ex-post* controls, the former aimed at verifying whether adequate objectives are pursued and adequate financial means are projected, and the latter at verifying the correspondence between objectives, implemented means and outcomes.

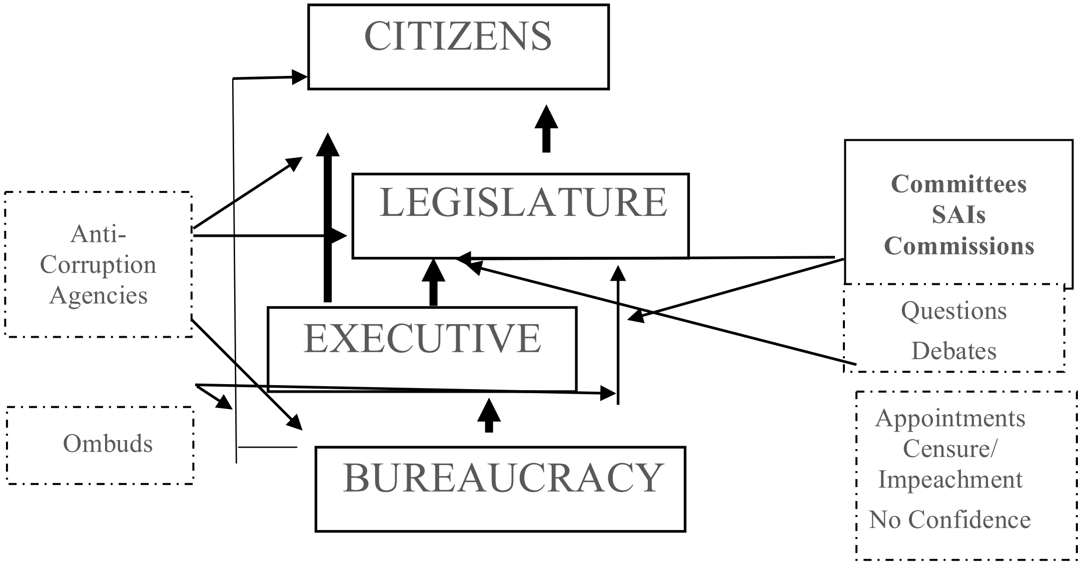
More generally, legislatures have developed oversight tools and mechanisms to help them, as principals, to hold their agents (the executive and the bureaucracy) to account. Stapenhurst (2011) considered how the various oversight tools are used in these accountability relationships (see Diagram 3). Supreme audit institutions (SAIs) are mostly used to improve legislative oversight over the bureaucracy, although they may also be used to enhance executive accountability to the legislature. Committees are used to enforce bureaucratic and executive accountability to the legislature. In short, oversight tools have been developed in response to agency problems. In the next section, we will see that the capacity to control public finance conferred by these instruments has three sources: statutes, practices, and resources of the finance committee.

Research Design and Methodology

To study the capacity of parliamentary standing committees on finance (SCF) in francophone countries, we used a mixed-methodological framework involving quantitative and qualitative approaches. This framework enabled us to verify the statistical findings from a large-scale quantitative analysis with an in-depth qualitative study of oversight in particular contexts. In addition to the mixed-methodological framework, we also adopted a mixed 'fixed/flexible' research design, which allowed further triangulation of results by cross-checking statistical results with field survey data.

First, we set up a focus group comprised of eight leading Francophone parliamentary practitioners (see Diagram 4). The purpose of this group was to examine an 80-question survey instrument developed by the World Bank Institute (WBI) and the Commonwealth Parliamentary Association (CPA) for Commonwealth countries, and to adapt to this instrument to reflect the parliamentary oversight institutions in francophone parliaments. (This survey instrument was an output of an earlier focus group, organized by WBI and CPA, held in 1999). This work was facilitated by faculty from McGill and Laval to ensure that academic rigor and integrity were maintained.

Diagram 3 Accountability, Oversight Tools and Committees

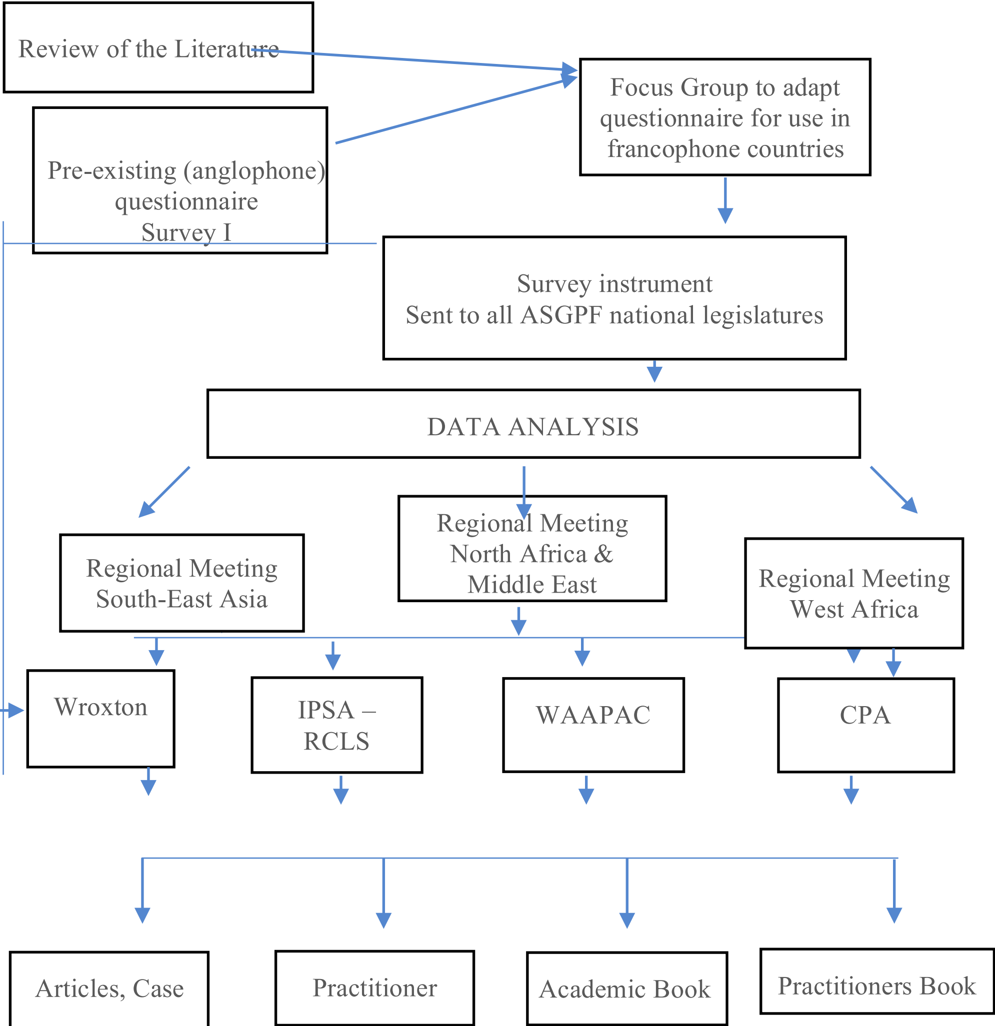


Source: adapted from Stapenhurst (2011)

Following the focus group, we sent out the revised survey instrument to the 52 parliaments belonging to the *Assemblée Parlementaire de la Francophonie*. Relying on the mobilization networks of the *Association des secrétaires généraux des parlements de la Francophonie* (ASGPF), we obtained a response rate of over 55 percent. A large-scale statistical analysis of these results formed the fixed part of our research design. The aim of this analysis was to develop generalizations about financial oversight in Francophone countries.

Our statistical analyses revealed testable questions for the flexible component of our research design, a set of case studies on 'good' and 'bad' practice. Finally, the results have been reviewed in scholars and practitioners' workshops and then interpreted, written and are being published in scholarly journals and as practitioner tools and guides.

Diagram 4 Methodology



Source: Louis Imbeau & Rick Stapenhurst

Results and Discussion

In this section we present a detailed analysis of the responses to our questionnaire. Our objective is to understand the operation of standing committees on finance as viewed by practitioners working inside. Three criteria led our analysis. The first concerns statutes, so as to determine whether the SCF's membership and operational rules leave enough room for it to properly fulfill its role as overseer of the public purse. The second addresses the SCF's practices and aims to determine whether the SCF demonstrates that it exercises all of its power of action through its practices. The third criterion assesses capacity by evaluating the resources available to the SCF. For each criterion, we first look in detail at the French SCFs in the National Assembly and the Senate as an opportunity to make our method explicit. Then we highlight the divergence between the French SCFs and their equivalent in the rest of the Francophonie.

Capacity according to the statutes
What potential for action do the statutes (constitution, legislation, regulations, etc.) allow the SCF? This is the first research question we asked ourselves when reviewing the questionnaires. Twelve questions in the questionnaire focused on this issue, shedding light on four aspects of the statutes.

Membership. The method of appointing committee members (survey question 16) has an impact on its independence and thus on its oversight capacity. In cases where the executive branch appoints members, the level of independence is markedly lower than when they are appointed by parliamentary groups. The same applies when members are appointed by the Office of the National Assembly, especially when the majority in control belongs to the same political party as the executive branch. Furthermore, the degree of specialization of the SCF's members also gives them greater capacity, as it allows them to develop an expertise that they would not acquire were they to sit on several committees. The committee members' combined mandates (survey question 20) can therefore reduce the SCF's capacity. The same applies when the committee receives non-parliament members (survey question 21), in particular when they are part of the executive branch (survey question 22). A committee composed solely of parliamentarians who are not members of the government has a greater oversight capacity.

Mandate. A committee which derives its mandate from the Constitution has a greater capacity for action because it is far more difficult to revoke such a mandate in the case of a dispute than a mandate stemming from an Act or regulation (survey question 11). A committee with a longer-term mandate (survey question 23) is able to conduct lengthier investigations in certain cases while allowing its members to further develop their expertise. In the same way, the independence of the SCF regarding its mandate and the chosen subjects of investigation (survey questionnaire 13), just like its empowerment to summon a wide range of witnesses from diverse backgrounds (survey question 12) helps to ensure increased oversight capacity.

Quorum. Certain committees had no established quorum, while in the case of an existing quorum provisions could potentially restrict the committee's scope of control (survey question 16). In such cases, a few members can take advantage of the absence of several colleagues to reduce the reach of the committee's mandates, in particular when the absent members belong to the opposition, thus restricting the committee's oversight capacity.

Chair. A committee that is chaired by a member of the opposition has a greater oversight capacity since the chair plays an important role in establishing the agenda and mandate. Consequently, a rule stipulating that the committee chair come from the opposition (survey question 26) be appointed by the parliamentary group (survey questions 27, 28)—and that these provisions be protected by the constitution or a law rather than an internal regulation of the Assembly, would indicate a greater capacity.

Based on the responses to these questions, we were able to assess the oversight capacity of the National Assembly and Senate's parliamentary finance committees, as indicated by the statutes. To systematize the impact of each of these elements and facilitate international comparison, we attributed a score to each one (3 if it contributes to great capacity, 2 for medium capacity, 1 for weak capacity). The score average gives an

indication of the "capacity according to the statutes." Hence, the French National Assembly scores 2.6 and the Senate, 2.4, indicating that the National Assembly's SCF has a slightly greater oversight capacity than that of the Senate's SCF. Detailed results are found in Table 1.

Table 1 Oversight Capacity of SCFs According to Statutes

	Item[1]	France (scores)		Francophonie (percentage by score, N=30)		
		NA	Senate	3	2	1
Mandate:						
Legal framework - SCG	11	3	3	60	23	17
Summoning witnesses	12	3	1	17	40	43
Mandate	13	2	2	10	43	47
Length of Term	23	1	3	70		30
Membership:						
Appointment of Members	16a	3	3	67	13	20
Concurrent memberships on committees	20	3	3	47		53
Non-parliament members	21	3	3	100		0
Minister member of SCF	22	3	3	93		7
Quorum						
Quorum stipulated*	16b	3	1	74		26
Chair:						
Chair from the opposition	26	3	3	30		70
Selection of the Chair	27, 28	3	3	57	30	13
Legal framework for the appointment of the Chair	29	1	1	20	3	77
Total (Sum)		31	28			
Average		2.6	2.3	53.8	25.3	33.6

* The percentage for this item is calculated from 23 observations.

[1] These items relate to the questionnaire.

According to the responses provided, the statutes of the Standing Committees on Finance grant SCF members great capacity for action. They operate under the constitution and an organic statute, which grant them far-reaching powers. The constitution stipulates that "Finance laws determine State resources and expenses, subject to the conditions and reservations provided by an organic law," while the Organic Law

relating to the Finance Laws (LOLF) of 2001 redefines the missions of the National Assembly's and Senate's Committees on Finance and entrusts them with overseeing and implementing financial law enforcement and examining all questions related to public finance. The committees have the power to summon a wide range of witnesses, and their members are appointed by parliamentary groups, thereby ensuring their independence as opposed to appointments by the government or the Office of the Assembly. Committees are composed of parliamentarians who are not ministers. They are dedicated to the work of the SCF, as they are not permitted to sit on several committees. Committee chairs are parliamentarians from the opposition selected by committee members, which contributes to the SCF's independence and thus, its oversight capacity.

At least three aspects of the statutes limit a committee's oversight capacity. The first involves the quorum. The Senate's SCF does not have a quorum, leaving it vulnerable to a minority who would seek to use the absence of a majority of the members to their advantage. The National Assembly's SCF has a quorum fixed at the majority of its members but this rule is not far-reaching: during a meeting of less than the required quorum, the members present may legitimately make decisions if they meet over fifteen minutes after taking note of the absence of a quorum. Moreover, members of the Assembly's SCF have a one-year mandate, limiting their learning capacity, whereas the Senate's SCF mandates last three years. Finally, the fact is that the selection of the chair from among members of the opposition is only protected by the National Assembly's rule, which can be amended more easily than a law or the Constitution.

With the analysis of the 30 questionnaires received from other APF members, we were able to identify the capacity of other Francophone SCF, as shown in statutes. These results are reported in Table 1.1 in the three columns identified as "Francophonie", which give the percentage of SCF corresponding to each capacity level. Thus, while both the National Assembly and the Senate SCF have a score of 3 (high capacity) on survey question No 11, 60 percent of our 30 respondents got the same score, 23 percent obtained a score of 2 (mid-level capacity) and 17 percent, a score of 1 (low capacity). Overall, the responses are very similar everywhere on only one survey question: all members of the SCF are MPs (survey question 21). For all other survey question, we see important differences among francophone SCFs.

In 70 percent of parliaments, the term of office for members of the SCF corresponds to the duration of the legislature (survey question 23); in other parliaments, members are appointed for a one-year term, although their term is generally renewable.

The SCF operates under a provision of the constitution (survey item 11) in 60 percent of parliaments. These SCFs have greater capacity to act because, in the event of a dispute, it would be more difficult to revoke their mandate than it would be if the committee owed its mandate to a law (23 percent) or a regulation (17 percent), since the latter are easier to amend.

Conversely, the capacity of SCFs is lower in terms of the clear definition of the mandate (survey question 13) and because of the ability to summon a wide range of witnesses (survey question 12). The capacity of most SCFs is limited on these two issues by their statutes.

Statutes also provide for various capacity-enhancing elements related to membership. If, for example, members are appointed by government (survey question 16a), it is likely that they will be less independent in their decisions and therefore less able to control government finances; this is the case for 20 percent of parliaments. In 13 percent of parliaments, members are appointed by the assembly, while in 67 percent of parliaments they are appointed by political parties.

The possibility of sitting at more than one parliamentary committee's (survey question 20) can reduce the effectiveness of a member by dispersing its efforts and expertise. When a member is limited to a single committee, he or she can better follow up on committee matters. This is the case for 47 percent of the SCFs. In contrast, 53 percent of jurisdictions allow Members to sit on several committees, thereby lowering committees' capacity.

The presence of non-parliamentary members or of members of the executive in the SCF could be a limiting factor regarding the capacity of the committee. Nowhere do we find non-parliamentary members sitting in the SCF (survey question 21) and only two parliaments (7 percent) welcome ministers as SCF members (survey question 22). This is the case in Laos, a one-party system, and in the Senate of Canada where the leader of the government has the rank of minister and is allowed to sit on a committee as an ex-officio member.

The fact that a parliamentary rule imposes a quorum to validate the decisions of a committee increases the capacity of this committee because it prevents a small number of members from making decisions in the absence of a large part of the membership. By regularizing the decisions of the committee, the quorum ensures its legitimacy. Most of the francophone assemblies (74 percent) impose a quorum on their finance committee. It should be noted, however, that additional rules may limit its effectiveness by allowing, for example, as in France, the convening of a new meeting for which the quorum is present for the members present.

It has been suggested that one way to ensure more independence for the finance committee is to require that its chair not be a member of the governing party. This is the case for nine of the 30 francophone assemblies studied (30 percent). In eight of these cases, the committee chair is chosen by the members of the committee themselves, if not it is designated by the assembly. This provision is protected by the Constitution in three cases; elsewhere, it falls under the regulations.

Capacity Based on Practices

However, statutes are not enough to establish a committee's capacity because certain explicit rules can never be enforced. Thus, we examine a second aspect of SCFs oversight capacity, i.e., their practices, as demonstrated by sixteen survey questions relating to six dimensions of capacity according to practices:

- The *public nature* of the committee's work. The committee has a greater oversight capacity when it holds meetings that are open to the public (survey question 31) or when its proceedings are broadcast by audio or video (survey question 32). In which case it is more difficult to muzzle a committee that is more critical of the executive branch.

- The *Official Programming of Activities*. A committee that establishes its own activities (survey question 40) and that publishes its activity program ahead of time (survey question 34) asserts its independence from the proceedings under its jurisdiction. This in turn increases its oversight capacity.
- *Access to Witnesses*. A committee that uses its power to compel witnesses to appear (survey question 43), to request documents or information releases (survey question 44), or to travel to conduct investigations in situ (survey question 59), demonstrates a greater oversight capacity in its practices than it would otherwise.
- The *Decision Rule*. When decisions are made based on a majority rather than unanimous agreement (survey question 47) and the minority group's opinion is noted in the report (survey question 48), this reflects greater capacity. Indeed, a unanimity rule could allow a few members to reject a controversial decision, which could paralyze the committee. However, publishing the minority's point of view allows opposing perspectives to be heard despite the majority's sway.
- *How the Report Will Be Used/ Submitting the Report*. The committee's capacity is greater when it is required to submit its report to parliament instead of the executive branch (survey question 49, 50), when its report is tabled in parliament even when it is not in session (survey question 51), and when the report may be debated in assembly (survey question 52).
- The *Report Follow-Up*. A committee's capacity is increased when the executive branch must officially respond to its reports and recommendations (survey question 63), when it ensures the implementation of the executive branch's responses (survey question 66) and when the transition measures between legislatures are implemented to ensure the consistency of work (survey question 67).

From these six elements we can determine which committees' practices demonstrate more oversight capacity. In France, several elements in the practices of the Standing Committees on Finance help to ensure their capacity for action. The committees establish their own agenda and start their own activities and investigations, which they can conduct in situ. They make their decisions based on a majority vote, and the minority's point of view is included in their reports. Furthermore, they regularly summon witnesses and have not recently dealt with any refusals to appear. They also regularly exercise their right to demand the tabling of documents "intended to facilitate budgetary oversight by ministerial departments or audits of the accounts of state enterprises and mixed enterprises" (section 146 of the rule of the National Assembly). Finally, their reports are tabled in the National Assembly or in the Senate, even when they are not in session. They are debated in the Chamber, and the committees ensure their recommendations are implemented.

Table 2 Oversight Capacity of CPFs according to their practices

	Item [1]	France (scores)		Francophonie (percentage by score, N = 30)		
		NA	Senate	3	2	1
The public nature of work:						
Meetings open to the public (yes /sometimes / no)	31	0	0	30	10	60
Video/audio broadcasting of the proceedings (yes / no)	32	0	0	30		70
Activity programming:						
Official activity programming (yes / no)	34	0	0	30		70
% of activities started internally (100 / 75-99 / <75)	40	2	2	13		87
Access to witnesses:						
Power to compel to appear (yes /limited /no)	43	0	0	40	13	47
Enforcement power (documents) (yes /limited /no)	44	2	2	67	20	13
Investigation in situ (the CPF travels) (yes /no)	59	2	2	57		43
Decision Rule:						
Decision rule (majority /Unanimous)	47	2	2	73		27
Minority point of view in the report yes /no)	48	2	2	67		33
How the report is used:						
To whom does the SCF report (Parliament / Government)	49	2	2	87		13
Are all reports tabled in Parliament ? (yes /no)	50	2	2	90		10
Tabled if the NA is not in session (yes /no)	51	2	2	70		30
Reports debated in Parliament (yes /no)	52	2	2	90		10
Report follow-up:						
Executive branch's obligation to respond (yes /no)	63	0	2	57		43
Follow-up/implementation (yes /no)	66	2	2	60		40
Transition measures between legislatures (yes / no)	67	0	0	40		60
Total (Sum)						
Average		2,4	2,5	56,3	14,3	41,0

However, certain elements of the committees' practices limit their capacity. Their meetings are not open to the public and their deliberations are not broadcast. They do not have an official activity program with a pre-established time horizon. The executive branch is not required to respond to their reports, except for the

Senate, and there are no transition measures in place between legislatures. The average score is 2.4 for the National Assembly and 2.5 for the Senate (see table 2).

For the 30 countries of the Francophonie surveyed, Table 2 reveals that they are far from aligning themselves with the practices of their French counterparts, although there are some areas of convergence. For example, for the items relating to the tabling of the committee's report, the great majority (90 percent) of francophone countries adopt the same practices of the French National Assembly or the Senate. Most other practices, however, show considerable differences. For example, 30 per cent of Francophonie committees open their meetings to the public and even broadcast them in audio or video format, unlike France, where meetings are normally closed to the public at both the National Assembly and the Senate. The same applies to the existence of a formal program of the Committee's activities ('no' in France, 'yes' to 30 per cent of Francophone committees) and the power to compel witnesses to appear ('no' in France, 'yes' 40 percent and 'sometimes' 13 percent in Francophone countries). With regard to the decision rule (majority and minority points of view in the report), in France respondents reported unanimity was required while in 27 percent of the Francophonie committees this was not required. In short, the finance committees of the Assemblies of La Francophonie show a great diversity in their practices.

The average results reported in Table 2 suggest that there is room for growth in practices that confer capacity in both French and other Francophone parliaments. In this respect, particular emphasis should be given to practices relating to the public nature of work, the scheduling of activities and the follow-up to the report.

Capacity based on resources

One aspect remains concerning the SCF's oversight capacity: resources. Without resources, a committee is paralyzed, despite what the statutes say or what the committee is attempting to achieve. Our questionnaire presents five dimensions concerning the capacity of SCFs as allowed by their resources:

- *Human Resources*. To be efficient, a committee needs dedicated staff (Item 70) and access to additional personnel as needed (survey question 74).
- *Financial Resources*. Committees also need to ensure steady funding from an independent source (Item 82), by independently preparing its budget (survey question 84) or through access to external financing (survey question 87).
- Some committees also benefit from *member orientation training* and offer training to new members (survey question 68), provide a handbook for members (survey question 77), have clear rules regarding incompatibility and ethics (survey question 88), and offer their members an allowance (survey question 81). These elements contribute to a committee's oversight capacity.
- Access to *External Expertise*. Members of finance committees are not all experts on public finance—far from it! That is why access to external experts could potentially increase their oversight capacity tenfold. Thus, access to experts from the Ministry of Finance (survey question 78), help from the Supreme Audit Institutions (SAI) staff (survey question 79) and access to external advisors (survey question 80) all constitute useful resources.

- The Contribution of *Additional External Resources*. SCF members who are open to what is happening around them and worldwide through long-term relationships with other committees (survey questions 89, 90), through relationships with their counterparts abroad, (survey questions 91, 92, 93), and through access to external auditors, contribute to greater oversight capacity.

Certain resources available to French SCFs contribute to their capacity for action: These include dedicated staff and access to additional personnel as needed, the help of the Tribunal of Accounts (which can delegate representatives to certain Information and Control Mission meetings, and draws up reports for a committee upon request), the contribution of other committees in examining Finance Law and the laws and regulations within their fields of expertise, and finally member compliance with ethical guidelines.

Table 3 SCFs Oversight Capacity based on resources

	Item[1]	France (scores)		Francophonie (percentage by score, N = 30)		
		A	Senate	3	2	1
Human Resources:						
Staff dedicated to the SCF (yes /no)	70	3	3	100		0
Access to additional personnel (yes /no)	74	3	1	57		43
Financial Resources:						
Separate financing (yes / no)	82	1	1	10		90
SCF's involvement in its budget proposal (yes / partially /no)	84	1	2	10	10	80
Financfrom an independent source (yes /no)	87	1	1	23		77
Orientation training for members:						
Training of new members (yes /no)	68	1	3	53		47
Handbook for SCF members (yes /no)	77	1	3	43		57
Member allowance (yes /no)	81	1	1	40		60
Guidelines regarding ethics (yes / no)	88	3	3	60		40
Access to external expertise:						
An external representative at SCF meetings (yes /no)	78	1	3	7		93
Help from SAI personnel (yes/ no)	79	1	1	27		73
External advisors and experts (yes /no)	80	1	3	50		50
Additional external resources:						
Expertise of other committees (yes /no)	89	3	3	37		63
A SCF representative at other committees (yes /no)	90	1	1	17		83

Official relationship with international organizations (yes / rarely /no)	91-92-93	1	1	30	20	50
Performance assessment (yes /no)	94	1	3	23		77
External evaluation of performance (yes /no)	95	1	1	17		83
Average		1.5	2.0	35.5	15.0	62.7

Nevertheless, several resource-related elements are missing, which could help increase the committee's capacity, such as: training and handbooks for new members, access to external experts, member allowances, separate financing and financing from an independent source, a committee representative to sit on other committees, official relationships with finance committees from other jurisdictions, performance assessments of committee work and either external or peer conducted evaluations.

The average score for resources is established at 1.5 for the National Assembly and at 2.0 for the Senate. As indicated in Table 3, the greatest differences between the National Assembly and the Senate lie in their resources. The weaknesses of one are often the strengths of the other.

The SCFs of la francophonie stand out from their French counterparts on a majority of items. Indeed, there are significant differences between SCFs of la francophonie and French CPFs for 10 of the 17 items in this dimension. Of the seven items with similar results, only one contributes to a greater capacity: all French-speaking SCFs rely on dedicated personnel, as do their French counterparts (item 70). The six other similar items suggest a lower capacity almost everywhere, including in France: SCFs do not have separate funding (item 82), are not involved in budgeting (item 84), do not rely on a regular presence of external experts during their meetings (item 78) nor do they use an external evaluation of their performance (item 95). For the other items, the results are relatively dispersed, with several French-speaking SCFs differing from French SCFs in one direction or the other. All in all, the ability of the permanent finance committees of France and of the Francophonie as a whole to control their finances seems limited, judging by the average scores given in Table 3.

List of References

Abdourahmane, B. and I. Crouzel (2004) *A Comparison of the Budget Process in France and Francophone African Countries* (Cape Town: IDASA)

Berle, A. & Gardner, M. (1932) *The Modern Corporation and Private Property* (New York, NY: Macmillan).

Fasone C. & E. Griglio (2013) 'Can Fiscal Councils Enhance the Role of National Parliaments in the European Union? A Comparative Analysis', in B. de Witte, H. Héritier, and A.H. Trechsel (eds.) The Euro Crisis and the State of European Democracy, Fiesole, EUI, RSCAS and EUDO, pp. 264-305

Fukuyama, F. (2004) Why There is no Science of Public Administration, *Journal of International Affairs*, 58(1), pp. 189–201.

Lienert, I. (2003) A Comparison Between Two Public Expenditure Management Systems in Africa *IMF Working Paper, WP/02/2*.

Maffio, R. (2002) Quis Custodiet ipsos Custodes? Il Controllo Parlamentare dell' Attiva di Governo in Prospettiva Comparata, *Quaderni di Scienza Politica*, IX(2), pp. 333–383.

Stapenhurst, R (2011) Presidentialism and Parliamentarianism Revisited. Unpublished PhD thesis. Australian National University

Wehner, J. (2003) Principles and Patterns of Financial Scrutiny: Public Accounts Committees in the Commonwealth, *Commonwealth and Comparative Politics* vol. 41, no. 3 pp. 21-36.

Wehner, J. (2004) Back from the Sidelines? Redefining the Contribution of Legislatures to the Budget Cycle. World Bank Institute Working Paper. The World Bank, Washington, DC

Wehner, J. (2006) Assessing the Power of the Purse: An Index of Legislative Budget Institutions, *Political Studies*, 54, pp. 767–785.

Wehner, J. (2010) *Legislatures and the Budget Process; the Myth of Fiscal Control* (Basingstoke, UK: Palgrave MacMillan).

Chapter 2

Oversight of Public Financial Management in Low to Middle Income Francophone Countries

Alice French

Public finance oversight failings in sub-Saharan Africa

Despite it being home to seven of the ten world's fastest-growing economies and with potential to become one of the global economic powerhouses of the 21st century, Africa continues to face considerable developmental challenges. The continent has the greatest concentration of impoverished people, an average life expectancy of below 50 years in many areas and limited access to capital and banking. Although, on average, African countries may be better governed than a decade or more ago, in some nations the quality of governance is failing to improve and in others is falling behind.[1] The precarious political conditions that existed in some countries prior to the wave of democratization of the 1990s, the presence of widespread corruption and cutbacks in state bureaucracy as part of budget deficit and debt reduction that resulted in under-resourced audit institutions are frequently given as reasons for deficiencies in public financial oversight.

A consequence of Africa's colonial history is that the continent now mostly divides into nations that operate systems of government that are based on one of two alternative models - either the French/Napoleonic system or the British/Westminster model. For simplicity, these will be referred to as the *Francophone* and the *Anglophone* governmental models. Countries that utilize the French system are often referred to as belonging to *la Francophonie*, a grouping that will be discussed more later.

With some 96 million+ French African speakers[2]—more than in any other continent—it is unsurprising that the Francophone model has been widely adopted, mostly by nations clustered in North Africa and West and Central sub-Saharan Africa. Although it is a system of administration that has historically placed emphasis on rules and legalities, there is concern that the oversight of public finances in low-income Francophone countries in sub-Saharan Africa is carried out less effectively than in African nations that have inherited the Westminster model. Importantly, weak governance in some Francophone nations is believed to be holding back economic progress and preventing development goals from being achieved.

It is possible that part of the problem of ineffective oversight of public finances is due to the legal and regulatory foundation of the Napoleonic auditing process being too convoluted in the context of the modern day governmental activities of developing nations, or that its rules and principles are not being adhered to in many of the former colonies that have adopted the system. However, governance experts agree that there is an urgent need for capacity-building and for the strengthening of the external audit apparatus in recently independent nation states of Francophone heritage (Ecorys, 2006). It is recognized that in these countries the

---

[1] The 2012 Index of African Governance report has shown unfavourable governance performance since 2006.
[2] According to IOF, there are 96.2 million French speakers in African member states.

“external audit offices are often deprived” [of resources, coverage, research] and “have not been accorded with the priority they deserve” (Clements, Gupta, Inchauste, 2004). It is a fact that, while a substantial body of information has been prepared that documents the legislative oversight processes in Anglophone countries, by comparison relatively little has been written, and only limited research undertaken, into documenting the Francophone system of governance. Crucially, much less has been done by international bodies in terms of providing the assistive tools and resources to support oversight of public finance management in these countries. So, while operating handbooks, procedural manuals and other aids for the Westminster parliamentary system have been widely shared, and numerous parliamentary and supreme audit institution (SAI) strengthening initiatives have been sponsored by the World Bank, UNDP, CIDA, the Parliamentary Centre and the Commonwealth Parliamentary Association, little cross-fertilization of knowledge has been made available to the Francophone developing countries. Lack of a similar level of support to that available to Anglophone legislatures and audit institutions may itself go a long way to explaining why oversight of public finance is weaker in the Francophone cohort of developing nations.

As a starting point in this chapter, it is important to be able to put some quantification around how much weaker developing Francophone African nations are at exercising effective public financial management oversight than developing countries in other regions that have the same governmental model, and how much less effective they are in governance than developing African countries with the Anglophone model. To do this, measurement of the effectiveness of oversight is provided by the Public Expenditure and Financial Accountability (PEFA) indicator framework, an assessment system that has been developed by international agencies for the purpose of benchmarking the effectiveness of national public expenditure oversight in countries around the world (see inset about PEFA).

Using PEFA assessment data it can be shown that that effectiveness of public finance oversight is weakest in sub-Saharan African countries that employ the Francophone model, the next area to probe is the relationship between financial oversight effectiveness and various aspects of a country’s macroeconomic circumstances. In particular, this involves understanding how developing Francophone countries with the lowest national income levels are least effective in overseeing the public purse, and using statistical analysis to uncover the relationship between external debt level and public finance scrutiny performance. Lastly, the relationship between corruption and governance failings within the group of developing Francophone countries will be analysed to understand how oversight effectiveness is diminished when corruption is present.

An important conclusion will be that developmental goals - most importantly poverty reduction in sub-Saharan Africa - can be made more achievable if the international community invests more in understanding and supporting the governance needs of the Francophone community of developing countries. In particular, by delivering practical assistance in the form of handbooks, tools and other strengthening initiatives, international organizations can help Francophone parliamentarians and national audit bodies perform their oversight duties more effectively. In this way, countries in which external oversight of government spending is not being performed adequately can be brought up to the same standards of governance as the best in Africa. As the data will show, where there is effective scrutiny of public financial management, economic performance improves, corruption is reduced and populations benefit from greater national prosperity.

Qu’est ce-que c’est la Francophonie?

The colonial activities of France and Belgium from the 17th century onwards ensured that the French language and culture became firmly imbedded in colonies across the Americas, Africa, Polynesia, the Levant, Southeast Asia, and the Caribbean. Adoption of the mother-tongue through colonial annexation went hand-in-hand with the introduction of the French/Belgian culture and legal code. Importantly, systems of education, government and administration, including a parliamentary model and public management system based on Napoleonic principles and foundations were inherited, so that today many African states utilize the French ordinance of 1959 on public finance. Nowadays, French is either the first tongue or one of the primary languages of some 29 nations worldwide that are at the core of la Francophonie - countries that are either French-speaking or have strong affiliation with French culture as the result of historical influences. There are some 110 million first-language French-speakers worldwide, but demographic projections from Laval University and the Réseau Démographie de l’Agence Universitaire de la Francophonie anticipate this number rising rapidly to 650 million —7% of the global population —by 2050 (Marcoux, 2004), as the result of rapid population growth in Africa.

The International Organisation of La Francophonie

The International Organisation of La Francophonie (IOF) has 57 member governments and 23 observers, representing a population of more than 890 million people of which 220 million are French speakers, including the following 29 countries where French is a first language: Belgium, Benin, Burkina Faso, Burundi, Cameroon, Canada, Central African Republic, Chad, Comoros, Congo, Democratic Republic of Congo, Cote d'Ivoire, Djibouti, France, Gabon, Guinea, Haiti, Luxembourg, Madagascar, Mali, Monaco, Niger, Rwanda, Senegal, Seychelles, Switzerland, Togo, Vanuatu, Vietnam.

To understand more about la Francophonie, it is necessary to defer to either of two bodies for this — the Assemblée Parlementaire de la Francophonie (APF) which was established in 1967 as a worldwide alliance of Francophone parliaments with the mission to provide a link between democracy and French-speaking people at a time when many former colonial states were transitioning to independent government, or alternatively to the International Organisation of la Francophonie (IOF) that was formed in 1970 to encourage solidarity between 56 member states (plus 19 observers), including countries in which French is the official language, French is used by a substantial part of the population, or in countries where governing is modelled after the French system even though the French language is not widely used. Although the APF has a wider membership than the IOF, including, for example, federated states such as New Brunswick and Nova Scotia, and comprises 77 parliaments and inter-parliamentary organisations, IOF members still account for more than one-third of UN member states and a total population exceeding 890 million. As this chapter’s focus is on governance in recently independent nation-states, IOF membership for defining la Francophonie is preferred. Consideration is restricted to nations in the low/lower middle income category as defined by The World Bank’s classification of national income levels (see Table A) which is based on gross national income (GNI) per

capita and are used to identify the development stages of all countries, low income countries (LIC) and lower middle income countries (MIC) considered to be the so-called "developing" economies.

Table A: World Bank classification of national income levels

Classification	Description	GNI/Capita (US$)
LIC*	Low income country	< $1,035
Lower MIC	Lower middle income country	$1,036 - $4,085
Upper MIC	Upper middle income country	$4,086 - $12,615
HIC	High income country	>$12,616

*LIC and lower MIC countries are considered developing economies.

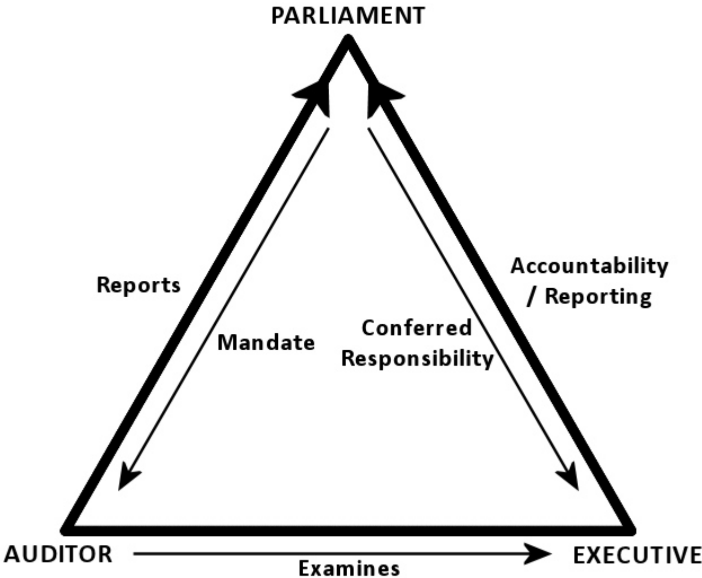
Public finance oversight in the Francophone and Anglophone models

In any open democracy, strong and well-resourced oversight institutions are required to ensure that public funds are managed propitiously. Legislatures, in particular, are seen as vital domains for curbing wastage and preventing misappropriation of funds. Accordingly, in international aid/development, parliamentary scrutiny of government spending is increasingly prioritized as a means of countering corruption and ensuring that funds are effectively deployed for the reduction of poverty (Stapenhurst, Johnston and Pelizzo, 2006). But effective parliamentary oversight of government finance management depends on robust auditing of the national budget, and at the heart of the scrutinizing process is the body that undertakes the highest level of external audit of government, referred to as the supreme audit institution (SAI). The OECD characterizes the SAI as "the lead public sector audit organisation in a country. Their principle [sic] task is to examine whether public funds are spent economically, efficiently and effectively in compliance with existing rules and regulations in line with national priorities." For a properly functioning SAI, a number of conditions deemed to be essential by The World Bank – the SAI must operate within a supportive governmental environment; it must have clear mandates; it must be adequately funded to perform its work; it must have unfettered access to the information it requires; and, crucially, the SAI must be independent of government. Added weight is given to the last of these requirements by the United Nations, which insists that an SAI can accomplish its function objectively and effectively only if it is entirely independent of the audited entity and protected against all outside influence.

There are important differences in the functioning and accountabilities of SAIs in the Anglophone and Francophone models of government, reflecting their different "historical inheritance" (Lienert, 2003). These differences are clear from the budgetary oversight models depicted in Figures 1 and 2. As can be seen, the Anglophone system has straightforward demarcation between internal control (i.e. audit performed by internal entities affiliated to the executive) and external control components of the system, that is the auditor general (who is the SAI) and the public accounts committee (PAC), a committee of the legislature. Appointment of the auditor general is agreed jointly by the legislature and the executive, and is an office that is independent of other branches of government. The auditor general prepares the annual report of

government accounts along with recommendations that are then scrutinized by the legislature, specifically by the PAC.

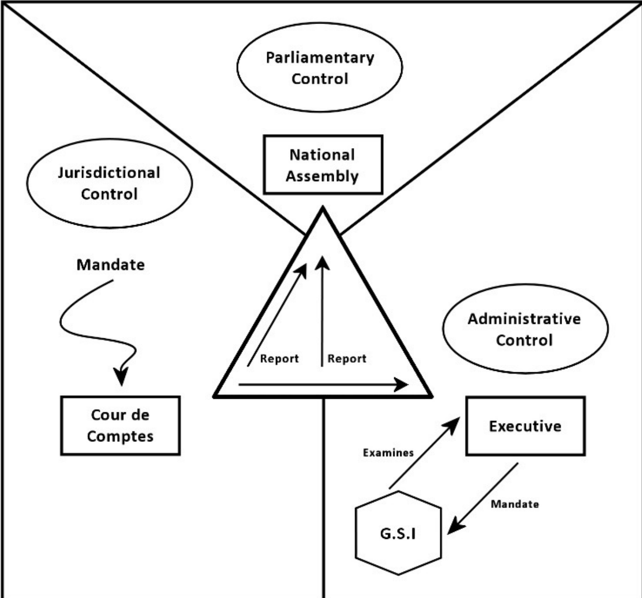
Figure 1: Anglophone model of budgetary oversight



(source: Stapenhurst et al (2005))

The Francophone approach to audit is somewhat more convoluted, involving separate controls by each of the three parts of government – administrative, judicial and parliamentary. In the French model, *the general state inspectorate* (GSI) constitutes the supreme body for administrative control, while judicial control is exercised through the *cour des comptes* (or court of accounts) and parliamentary control is undertaken by the *national assembly* (the legislature), which assesses expenditures and passes the *loi de reglement*. In most cases in the Francophone model, the cours des comptes is accredited as the SAI, but cannot be seen as equivalent to the auditor general in the British system. Boundaries between the internal and external controls in the French system are, by comparison with the Anglophone model, blurred and inconsistent. That said, the two audit bodies - the GSI and cours des comptes – between them have a more wide-ranging brief for auditing public finance than does the Anglophone's auditor general with, for example, regional cour des comptes able to scrutinize local government spending. The auditor general, in contrast, has responsibility for auditing central government departments and has no involvement with local government.

Figure 2: Francophone model of budgetary oversight



Although, in technical terms, the GSI is an internal audit body that reports to the executive, in one-third of African Francophone countries it also has responsibility for the overall audit of government expenditures,[3] in effect assuming a *de facto* SAI role. As a result, several African GSIs have formally joined the International Organization of Supreme Audit Institutions (INTOSAI) and also make their audit reports publicly-accessible. Such conflation of responsibilities can be traced back to pre-independence history when in 1906 the Governor General of West Africa set up the Inspection Service of Administrative Affairs to uncover financial irregularities in departmental spending (Gueye, 2008), although it is only recently that some African countries (e.g. the Democratic Republic of Congo and Burundi) have broadened the role of their GSIs, effectively making them the SAI. The African justification is that although the GSI is answerable to the executive, it can nonetheless retain sufficient independence from the ministries that it audits, some having gone so far as to imprison ministers when irregularities have been uncovered.[4] It would be unthinkable for an auditor general to take such action in the Anglophone model.

Even though it mostly has lower capacity and less access to state institutions than the GSI, the cour des comptes is *de jure* SAI in most countries— six of the eight Francophone states in Africa (all but Mali and Cameroon) listing it as the official SAI at INTOSAI. However, although the West African Economic and Monetary Union (WAEMU) requires member countries to have independent and effective cour des comptes, in many former colonies these have only recently started to become effective auditors of public finance. For example, only in 2007 did Burkina Faso's cour des comptes agree to amend its audit methods to meet the standards of the INTOSAI framework and demonstrate independence from government, even though the country's constitution has included the concept since independence. Even now, Burkina Faso's PEFA

---

[3] As shown by Wynne's study of the *Independence of Supreme Audit Institutions in Sub-Saharan Africa*.
[4] The General State Inspectorate (Supreme State Audit Office) in Cameroon led to the dismissal of a former Minister of Health, a Secretary of State for Education and the General Manager of the Fuel Transport Company (personal communication (Wynne, 2010).

assessment shows that it has not fully implemented international standards in the procedures of its cour des comptes.

Ways in which a cours des comptes can cooperate with the legislature to oversee management of public finances

- The president of the cour des comptes can use his own discretion to decide if and when to show audit findings to parliament;
- A parliamentary committee may commission the cour des comptes to conduct a specific audit on a particular government department or financial process;
- The cour des comptes publishes an annual report;
- Separately the cour des comptes provides parliament with an annual report covering the use of the resources from the previous year's finance act.

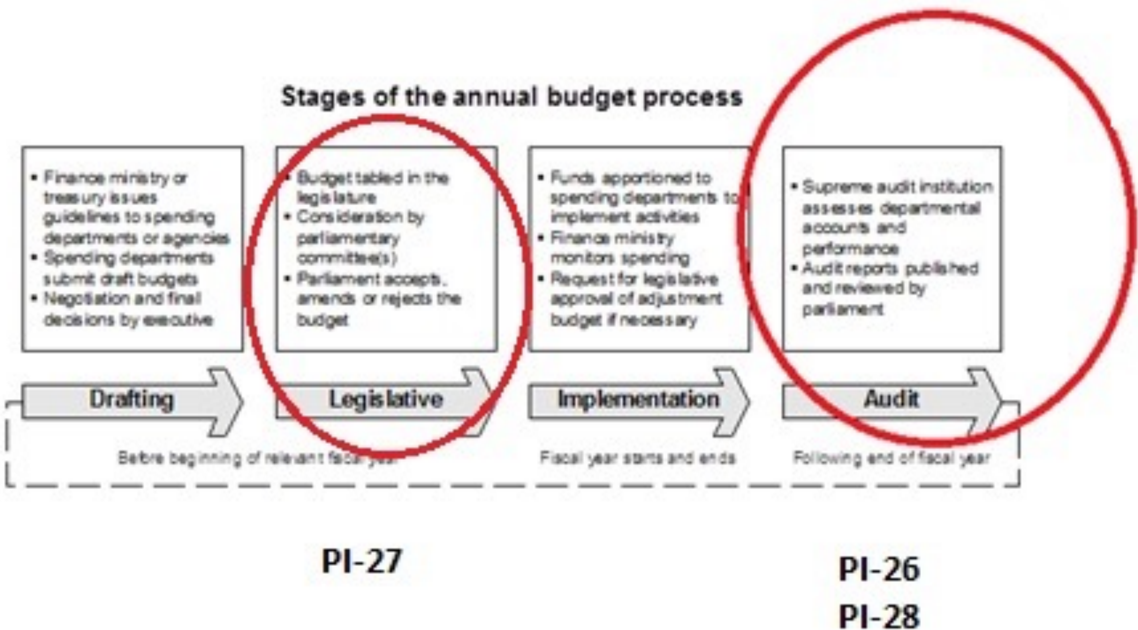
Like the auditor general in the Westminster model, the cours des comptes is a body that is separate and functionally fire-walled from the executive, collaborating with the legislature to scrutinize government spending, a process documented by the World Bank (see inset) (Titsworth, and Stapenhurst, *PremNotes* 59, 2001). As with the auditor general, the cours des comptes audits the accounts of government departments, checks for compliance with the law and reports to the legislature on the well-being of state accounts. However, there the similarity ends. Although the cours des comptes has the authority to hold ministers to account for misused funds, it is a power that is rarely exercised, and follow-up to audits tends to be limited. Moreover, even though it is a division of the supreme court and formally part of the country's judicial establishment, in several African countries members of the cours are appointed by the president or prime minister. The 2008 Open Budget Survey also revealed that the constitutions of Algeria, Burkina Faso, Democratic Republic of the Congo, Chad, Equatorial Guinea and Morocco allow for a head of the cours des comptes to be removed by the executive without reference to either judiciary or legislature.

Although the ex-ante, centralized control available to a minister of finance in the Francophone system theoretically should allow for better oversight of expenditures than is possible in the Anglophone model, especially in circumstances where administrative capabilities are limited or where institutions and government departments are leaking funds as a result of inefficiency or corruption, it is widely accepted that Francophone countries perform less well when it comes to fiscal reporting than do countries with the Anglophone model (Lienert, 2003). This may be because the auditor general is a more assured creation that is more historically established and better rehearsed in preparing annual reports than the Francophone cours des comptes which tends to focus more on technicalities and legitimacy of expenditure than on evaluating the overall budget picture. There is also little guarantee in the French system that the inspectorate is sufficiently resourced to perform its supervisory function effectively, and PACs in Anglophone democracies are seen as significantly more proactive and effective than their Francophone counterparts.

PEFA – a framework for measuring effectiveness of public finance oversight

Aware of some of the structural and practical differences in financial management oversight that exist between the Francophone and Anglophone systems, especially weaknesses in the Francophone model as it has been applied in newly independent sub-Saharan African countries, the next step is to consider comparative data that quantifies the extent to which developing Francophone nations in Africa are underperforming. For this, benchmark data from the *Public Expenditure and Financial Accountability* (PEFA) *Framework*[5] is used. This is a formal evaluation methodology — launched in 2005 — for assessing the condition of a country's public expenditure, procurement and financial accountability systems that has been used in a number of important initiatives to monitor improvements over time, permit inter-country comparisons and facilitate development of reform and capacity-building action (see inset for details). So far 119 (mainly low to middle-income) countries have been PEFA-assessed, 32 of which have been the subject of repeat assessment for benchmarking progress. This means that some 90% of low income countries and 75% of middle income countries have been subject to at least baseline assessments (Lawson and Folscher, 2011).

Figure 3: Where audit fits into annual budget cycle



(source: adapted from Wehner)

Although the PEFA framework provides assessment across the full budget cycle, there are three high-level indicators that are of interest. These are specifically concerned with external audit and scrutiny of budget proposals, and are formally known as PI-26, PI-27 and PI-28 (see inset). Two of these involve *ex-post* aspects of scrutiny and are associated with the final stage of the budget cycle shown in Figure 3 in which, once an

---

[5] PEFA is a joint development of the World Bank, European Commission, International Monetary Fund, UK Department of International Development, Swiss State Secretariat for Economic Affairs, French Ministry of Foreign Affairs and Norwegian Ministry of Foreign Affairs

annual budget is put into effect, accounts, financial statements and operations of the government are audited by the national audit institution, followed by review and deliberation by the legislature. PI-26 assesses the SAI's actual conduct of the audit of government accounts, the timeliness with which it submits its reports to the legislature and how the government follows-up and implements recommendations. PI-28 considers how effectively the legislature scrutinizes the SAI's reports, reviews key findings of audit reports, conducts ex-post makes recommendations to the executive and ensures that these are implemented. The remaining indicator that is of interest is PI-27, which deals with *ex-ante* budget aspects (Figure 3), reviewing the legislature's procedures for scrutinizing annual budget plans, providing feedback to the executive and overseeing in-year changes to government spending intentions.

About PEFA and how it has been used

PEFA assesses 31 high level performance indicators and 763 sub indicators that cover each aspect of the entire budget management cycle and associated procedures. Assessments utilize an internationally-agreed grading structure based on a four point A-D ordinal scale for each indicator and sub-indicator. Top level indicators are compiled from sub indicator scores using the so called M1 method whereby the overall score is determined by the weakest sub dimension score except that a "+" is added when any other dimension is scored higher. Thus, for example, an indicator having three dimensions with B, B and C scores would be rated C+.

In the time that PEFA data has become available, several important initiatives have utilized the assessments including analysis by Rosonholt (2011) demonstrating how, by focusing improvement efforts on the formal (*de jure*) features of a country's budget process as opposed to implementing changes to transactional functional (*de facto*) features, 18% improvements in PEFA indicators were achieved. Dorotinsky and de Renzio (2007) also used the PEFA assessments of Highly Indebted Poor Countries (HIPC) as baselines and tracked changes and progress of each indicator. A 2007 study into the usefulness of PEFA assessments concluded that there "was evidence that PEFA assessments made an impact on both governments and development partners….there were also a number of cases where the PEFA assessments led to a direct change in governments' PFM reform programmes" (Mackie & Caprio, 2011 p. 14).

PEFA indicators PI-26, PI-27 and PI-28

1. PI-26 - This indicator serves as a proxy for evaluating effectiveness of external oversight. It assesses the scope, nature and follow-up of external audit to ascertain how transparent a system is when it comes to the use of public funds since the capacity of the SAI to perform effective and timely audit depends much on the government of the day and other contextual factors. It places importance on government follow-up of audit report recommendations to address weakness identified in the system. The three sub-indicators of PI-26 evaluate:

   (i) Scope/nature of audit performed (incl. adherence to auditing standards)

   (ii) Timeliness of submission of audit reports to legislature

   (iii) Evidence of follow-up on audit recommendations

2. PI-27 – This indicator assesses the effectiveness of legislative scrutiny of the annual budget draft which should include reviewing fiscal policies for the upcoming year and detailed estimates of expenditure and revenue. The dimensions of this indicator are:

   (i) Scope of the legislature's scrutiny

   (ii) Extent to which the legislature's procedures are well established and respected

   (iii) Adequacy of time for the Legislature to provide a response to budget

   (iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature.

3. PI-28 – This indicator deals with legislative scrutiny of external audit reports. As legislative audit committees, PACs are at the apex of financial scrutiny (Stapenhurst, 2013) and it is important that they have all the necessary information to perform representative, legislative and oversight functions effectively (Frantzich, 1979). Upon receiving external audit reports, PACs scrutinize how the budget was actually executed versus plan in order to challenge the executive on overspends and other detrimental variances. The three dimensions assessed in this indicator are:

   (i) Timeliness of examination of audit reports by the legislature

   (ii) Extent of hearings on key findings undertaken by the legislature

   (iii) Issuance of recommended actions by the legislature and implementation by the executive

What the data says about Francophone Africa's public finance oversight effectiveness

Using PEFA data allows validation of the widely-held view that public finance oversight in developing African countries of la Francophonie is, in general, less effective than is the case both in non-African Francophone developing nations and in developing African countries with the Westminster governmental model. Analysis

of PEFA supports the contention that there are structural and operational problems associated with the operation of the Napoleonic model in sub-Saharan Africa that needs to be addressed in order for international development goals to be reached. Relationships between the effective governance of public finance and a country's macroeconomic condition as measured by income and national debt levels also underline the importance of effective, independent oversight of government spending activities for a country to have success in its poverty reduction performance and long-term economic prosperity. Statistical analysis is then used to show how effective and independent oversight of a government's spending leads to less corruption.

The five sets of data analysis that follow make use of the most recent PEFA reports for the 30 developing Francophone countries listed in Table B and the 12 developing Anglophone countries listed in Table C and spans a seven-year period from December 2005 to September 2012.

Table B: Francophone countries that have PEFA reports

Country	Region	Economic Class GNI/Capita	Date of PEFA Report		Country	Region	Economic Class GNI/Capita 2	Date of PEFA Report
Benin	Africa	LIC	Sep. 07		Sao Tome and Principe	Africa	Lower MIC	Jan. 10
Burkina Faso	Africa	LIC	Jun. 10		Senegal	Africa	Lower MIC	Jun. 11
Burundi	Africa	LIC	Mar. 12		Gabon	Africa	Lower MIC	Sep. 06
Central African Republic	Africa	LIC	Jul. 10		Mauritius	Africa	Lower MIC	Aug. 11
Congo, Dem. Rep. of	Africa	LIC	Mar. 08		Seychelles	Africa	Lower MIC	Jun. 11
Guinea Bissau	Africa	LIC	May 09		Cambodia	East Asia and The Pacific	LIC	Nov. 11
Madagascar	Africa	LIC	May 06		Indonesia	East Asia and The Pacific	Lower MIC	Oct. 07
Mali	Africa	LIC	Jun. 11		Lao PDR	East Asia and The Pacific	Lower MIC	Jun. 10
Niger	Africa	LIC	Dec. 08		Vanuatu	East Asia and The Pacific	Lower MIC	Jul. 06
Rwanda	Africa	LIC	Nov. 10		Armenia	Eurasia	Lower MIC	Oct. 08
Togo	Africa	LIC	Mar. 09		Georgia	Eurasia	Lower MIC	Nov. 08
Cape Verde	Africa	Lower MIC	Dec.08		Moldova	Eurasia	Lower MIC	Oct. 11

Country	Region	Economic Class GNI/Capita	Date of PEFA Report		Country	Region	Economic Class GNI/Capita 2	Date of PEFA Report
Congo, Republic of	Africa	Lower MIC	Mar. 06		Albania	Eurasia	Upper MIC	Jan. 12
Cote d'Ivoire	Africa	Lower MIC	Nov. 08		Macedonia, FYR	Eurasia	Upper MIC	Aug. 07
Mauritania	Africa	Lower MIC	Jun. 08		Haiti	Latin America and the Caribbean	LIC	Jan. 12

Table C: Anglophone countries that have PEFA reports

Country	Region	Date of PEFA Report		Country	Region	Date of PEFA Report
Kenya	Africa	Aug. 12		Zambia	Africa	Dec. 05
Liberia	Africa	Jun. 09		Ghana	Africa	Jan. 10
Malawi	Africa	Jun. 08		Lesotho	Africa	Nov. 12
Sierra Leone	Africa	Dec. 10		Swaziland	Africa	Sep. 11
Tanzania	Africa	Nov. 10		Botswana	Africa	Feb. 09
Uganda	Africa	Sep. 12		South Africa	Africa	Sep. 08

Analysis 1: Regional comparison of effectiveness of public finance oversight in developing Francophone countries

The first review of data is a straightforward comparison of the most recent PEFA assessments for each of the three indicators involved with auditing and scrutinizing public finance (PI-26, PI-27 and PI-28) for developing Francophone countries for which reports are available. Although there is disparity in the distribution of data between regions —20 of the developing countries assessed are African, while only 4 are in the East Asia/Pacific region and 5 in Eurasia — which means that comparisons must be treated as indicative only, it is clear that the African Francophone countries lag behind other regions, particularly in external audit and legislature scrutiny of audit reports.

PI-26 - Scope, nature and follow-up of external audit - *evaluates the external audit of a country's budget in terms of what is covered, procedural standards, timeliness of completion and how the audit is followed-up.*

Fig 4A. Distribution of PI-26 ratings by region for Francophone countries

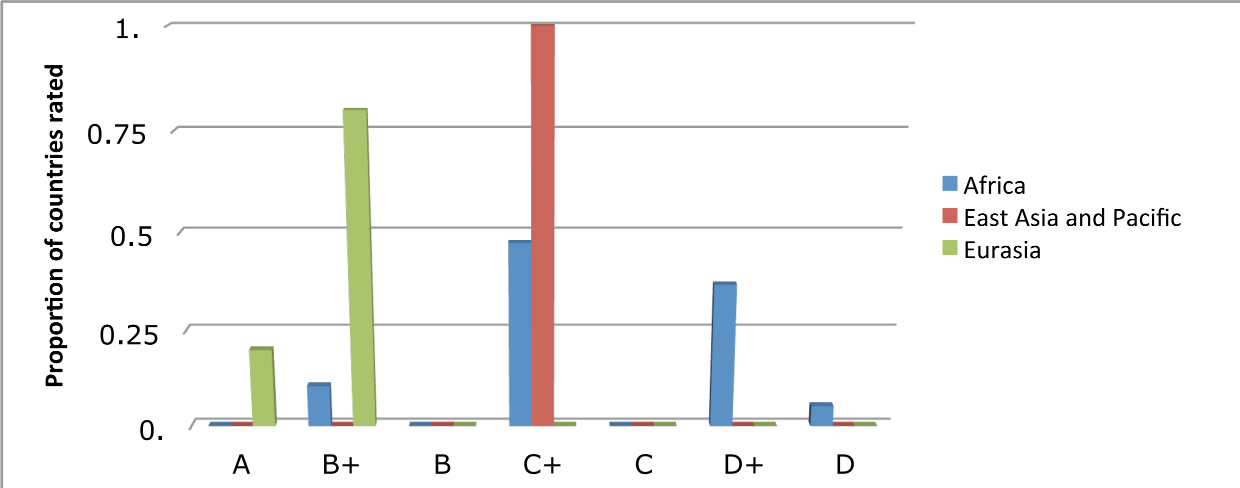


Fig 4B. Cumulative distribution of PI-26 ratings by region for Francophone countries

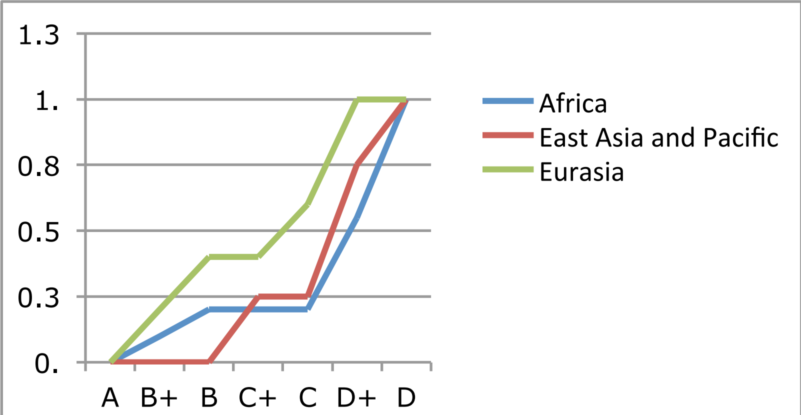
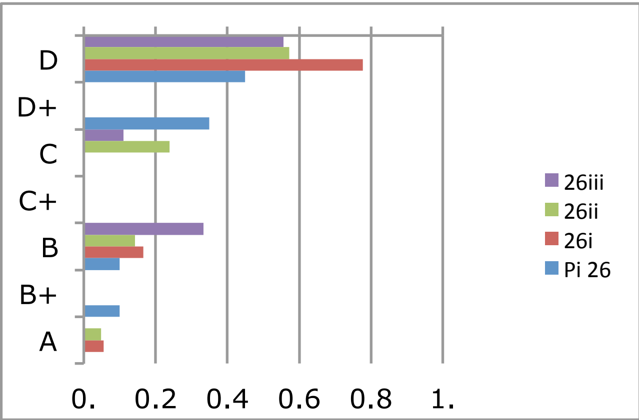


Fig 4C. Francophone Africa : PI-26 and sub indicators - distribution of ratings



Analysis of effectiveness of external audit by SAI

Of the African Francophone countries assessed by PEFA, 80% were given the lowest possible PI-26 ratings (D or D+) in the latest reports (Figures 4A and 4B), a marginally worse performance than the 4 countries in the East Asia and Pacific region (all but Indonesia were also rated D or D+ for PI-26) and well below the ratings for the 5 Eurasian countries of which 3 (60%) achieved a score of C or better. Only Rwanda, Mauritius, Gabon and the Seychelles in the African region were rated better than D. Of particular concern are the low ratings given to Francophone African countries for sub indicator PI-26i (Fig. 4C) which concerns *the scope/nature of audits including adherence to auditing standards and where a D rating indicates that audits conducted represent less than 50% of total national budget expenditure or, where audits occur, they are not sufficiently robust in scrutinizing government spending*. Rwanda, Mauritius and the Seychelles were the only African Francophone nations to score above the lowest rating (D) for PI-26i in latest reports. More than half of Africa's francophone countries were also assessed at the lowest rating for both other PI-26 sub indicators covering timeliness of audit reports and follow-up. In fact, 8 of the 20 African francophone countries for which PEFA data is published were given the lowest score in all PI-26 dimensions (Benin, Central African Republic, Côte D'Ivoire, Congo, Guinea Bissau, Madagascar, Mali and Niger), highlighting a serious issue with external audit processes across most of Francophone Africa.

PI-27 - Effectiveness of legislature scrutiny of annual budget law - *concerns internal control aspects of PFM systems*.

Fig 5A. PEFA PI-27 - Distribution of ratings by region for Francophone countries

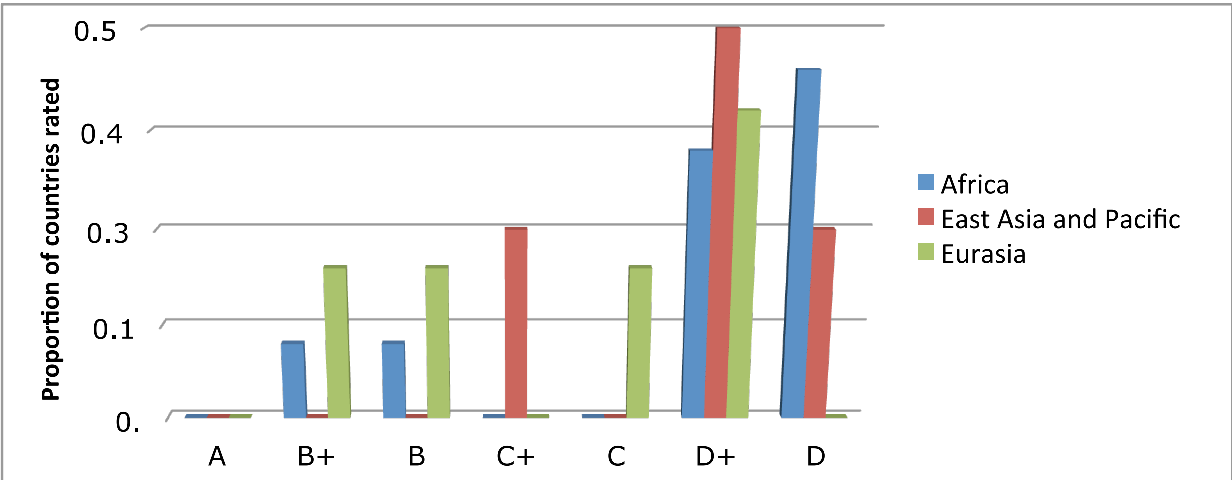


Fig 5B. PEFA PI-27 - Cumulative distribution of ratings by region for Francophone countries

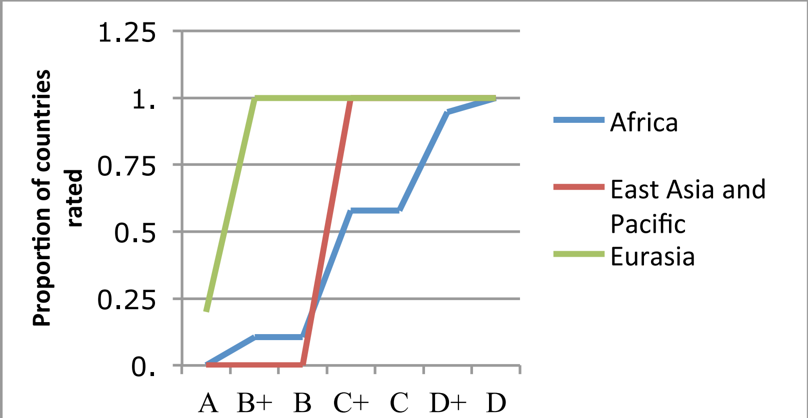
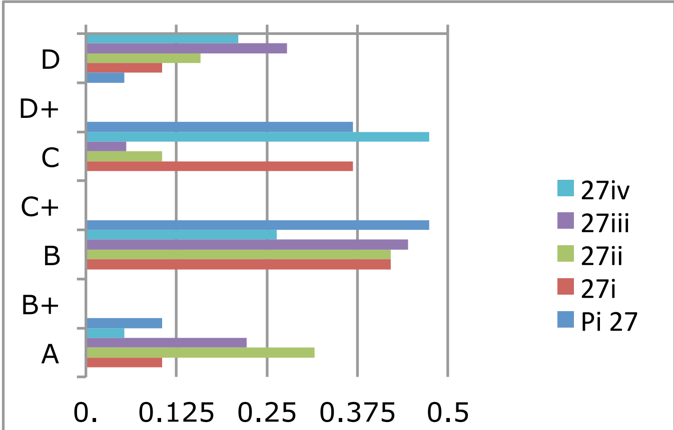


Fig 5C. Francophone Africa: PEFA PI-27 and sub indicators - Distribution of ratings



PI-28 - Legislative scrutiny of external audit reports - *assesses the capacity of the legislature for scrutinizing external audit reports*.

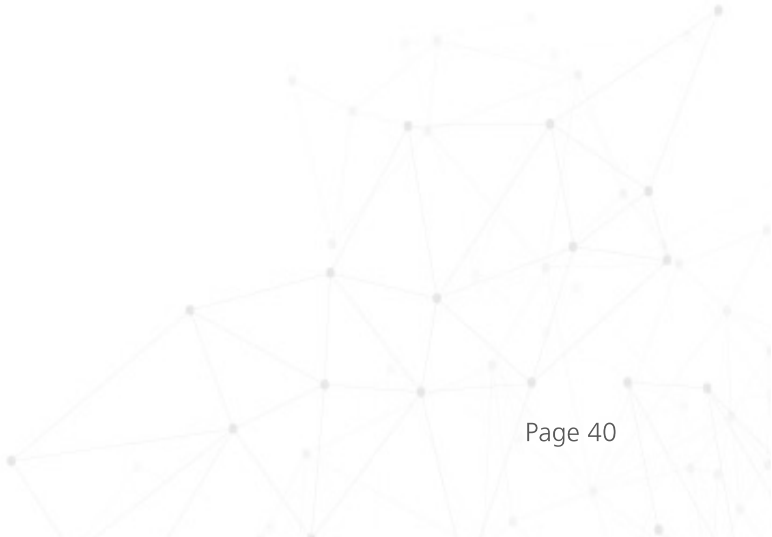


Fig 6A. PEFA PI-28 - Distribution of ratings by region for Francophone countries

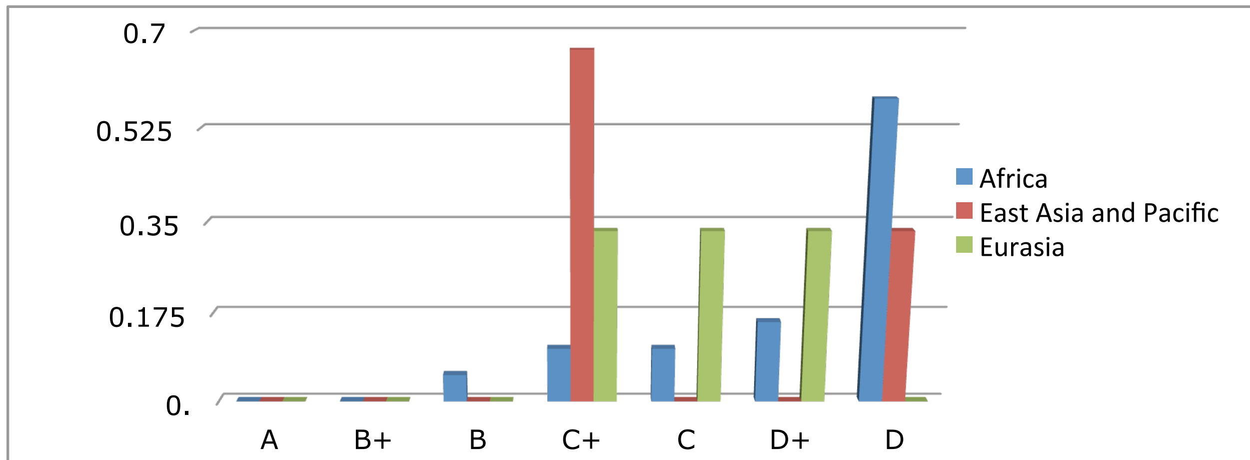


Fig 6B. PEFA PI-28 - Cumulative distribution of ratings by region for Francophone countries

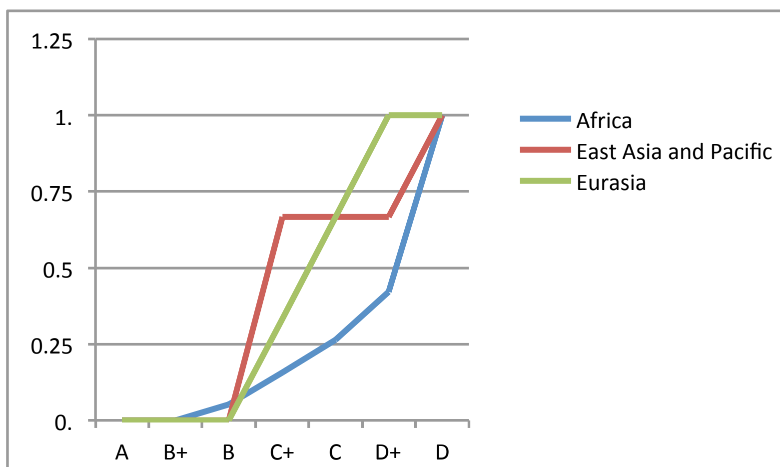
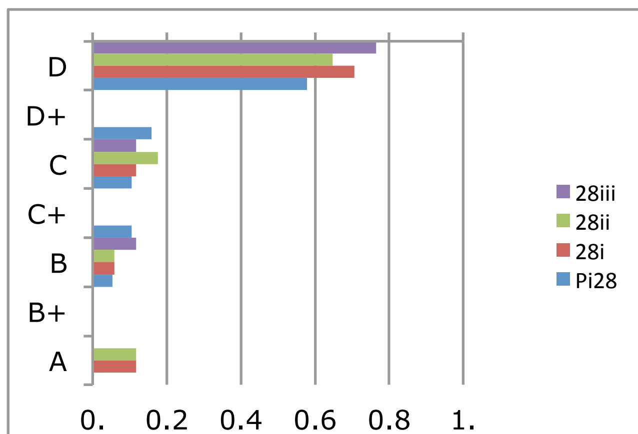
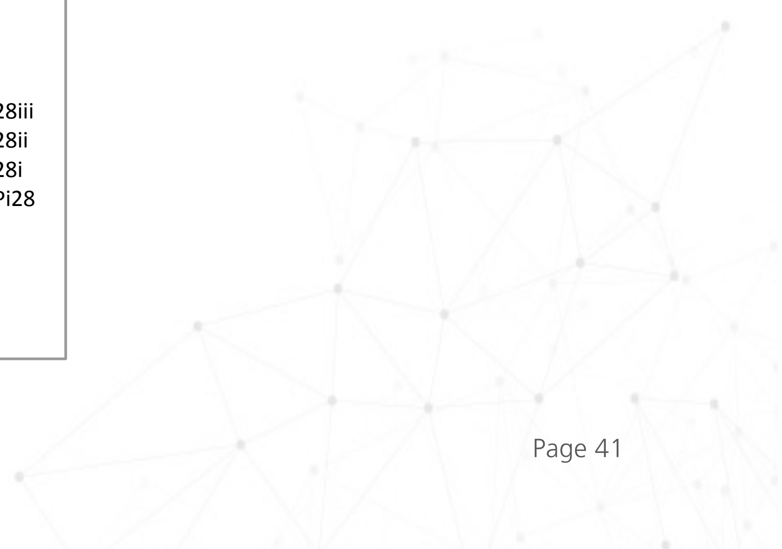


Fig 6C. Francophone Africa: PEFA PI-28 and sub indicators - Distribution of ratings





Analysis of effectiveness of scrutiny of internal budget documentation by the legislature

The ratings for PI-27 given to the Francophone African states are generally better than those for PI-26 and 28, both of which assess aspects of the external auditing process. In fact, the African Francophone grouping generally averages C or better for PI-27 ratings (Figure 5A), although still underperforms when compared with East Asia/Pacific and Eurasia in terms of overall distribution of scores (Figure 5B). East Asia and the Pacific grades fall in the B-C range while Eurasia does especially well in this capacity with all countries receiving B or above in each of the dimensions of the PI 27 score (Figure 5C). Although no African Francophone country has received the lowest ratings in all dimensions of PI-27, Burundi, Republic of Congo, Côte D'Ivoire and Guinea Bissau have been assessed at lowest rating in at least two of the dimensions of PI-27.

The comparisons of PEFA data within the worldwide community of developing Francophone nations show that the African countries are underperforming in all aspects of public financial oversight. The next step is to understand whether this is a broader regional issue or is specific to countries using the Francophone public financial management model. The next look at the data, therefore, compares PEFA results for OIF African members with those of Commonwealth African countries.

Analysis of effectiveness of legislature to scrutinize external audit reports

Again, Figures 6A and 6B show that that African Francophone countries are performing well short of their counterparts in the other regions. In fact, three-quarters of Francophone countries in Africa are rated at the lowest benchmark scores of D or D+, while East Asian/Pacific and Eurasian countries are mostly clustered around C+. Moreover, of the 5 Francophone states that were not scored at the lowest PI-28 rating (D/D+) in their last reports, one (Burkina Faso) has seen slippage in 2 of its sub-dimension ratings from B-A-C to C-C-C since the previous report. From Figure 6C it can be seen that the problem for the African countries equally concerns all three of the dimensions measured in PI-28.

Analysis 2: Comparing effectiveness of oversight of public finances in developing African Francophone countries with that of developing Anglophone African countries

The same PEFA indicators as before are used to compare performance of public finance management oversight in African countries of Francophone tradition with those African countries employing the Westminster-type model of government to show that the African Francophone nations, in general, have less capacity for budgetary oversight than their Anglophone neighbors.

PI-26 - Scope, nature and follow-up of external audit - *evaluates the external audit of a country's budget in terms of what is covered, procedural standards, timeliness of completion and how the audit is followed-up.*

Fig 7A. PEFA PI-26 - Distribution of ratings for Francophone and Anglophone countries in Africa

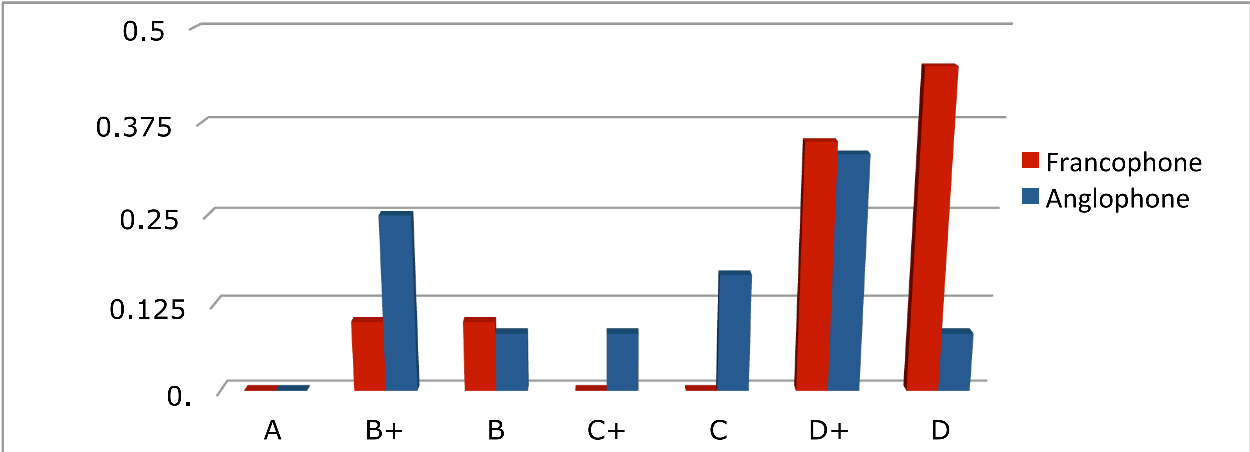
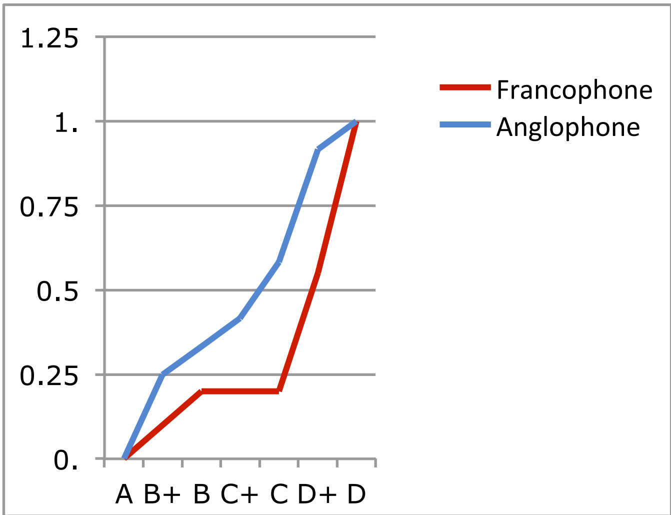


Figure 7B. PEFA P1-26 - Cumulative distribution for Francophone and Anglophone countries in Africa



Analysis of effectiveness of scrutiny of internal budget documentation by the legislature

While in the case of indicator PI-27 (effectiveness of legislature scrutiny of annual budget), the ratings are generally better than for PI-26, again the Francophone countries score below their Anglophone neighbours with 58% of the French language systems rated C and better compared with 92% of the English-based countries (Figures 8A/8B).

PI-27 - Effectiveness of legislature scrutiny of annual budget law - *concerns internal control aspects of PFM systems.*

Fig 8A. PEFA PI-27 - Distribution of ratings for Francophone and Anglophone countries in Africa

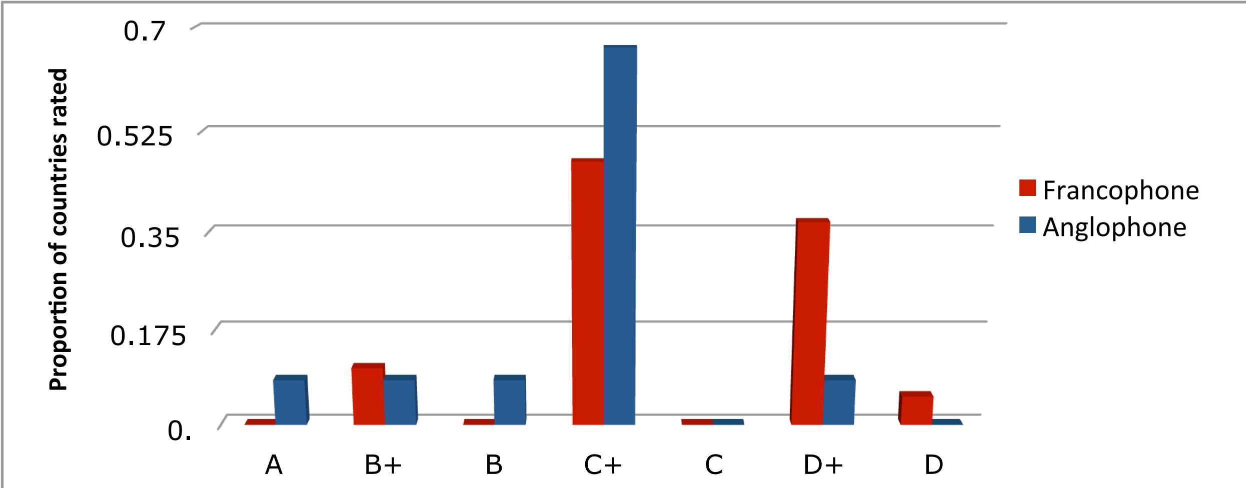
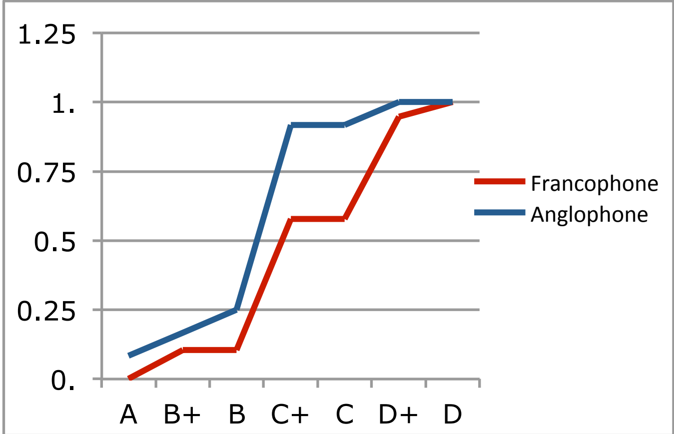


Figure 8B.



Analysis of effectiveness of external audit by SAI

For PI-26 (scope, nature and follow-up of external audit), 45% of Francophone countries have been assessed at the lowest score D, versus just 8% of Anglophone African states (Figure 7A). In fact, 40% of Anglophone states are assessed at C+ or better versus just 20% of Francophone countries (Figure 7B) with only Gabon and Rwanda rated C and above.

PI-28 - Legislative scrutiny of external audit reports - *assesses the capacity of the legislature for scrutinizing external audit reports.*

Fig 9A. PEFA PI-28 - Distribution of ratings for Francophone and Anglophone countries in Africa

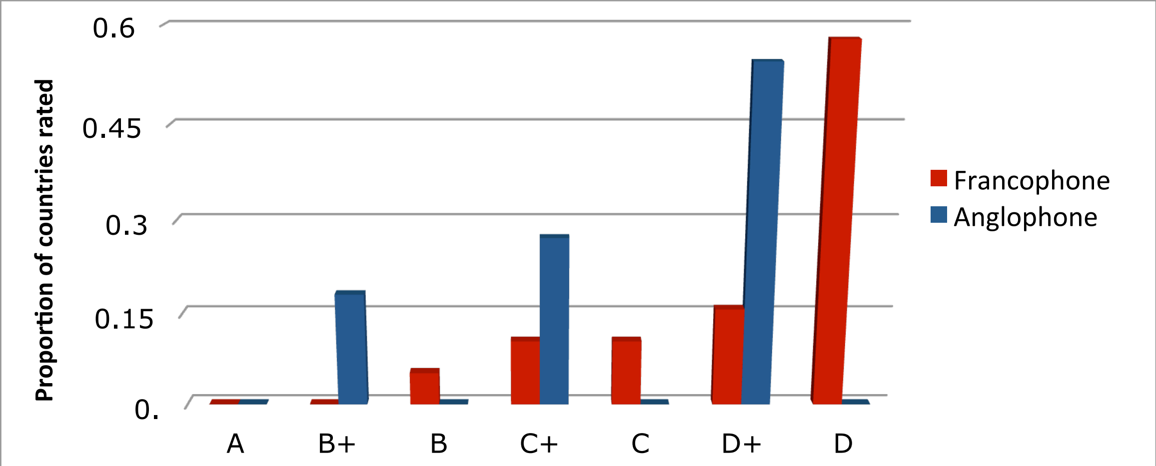
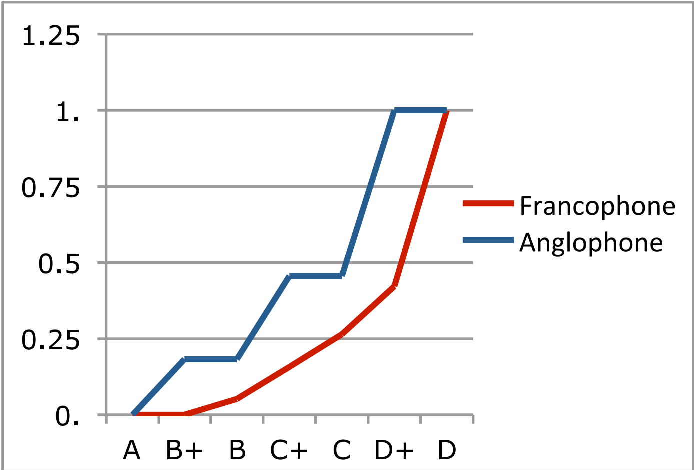


Fig 9B. PEFA PI-28 - Cumulative distribution of ratings for Francophone and Anglophone countries in Africa



Analysis of effectiveness of legislature to scrutinize external audit reports

Francophone countries are underperforming when it comes to scrutinizing external audit reports when compared with the Anglophone countries. This weakness in governance is clear in the graphs of cumulative distributions of ratings (Figure 9B). In fact, close to 60% of African Francophone countries are rated D while no anglophone countries are given the lowest score (Figure 9A). Percentages of countries rated C+ and above are16% for Francophone and 45% for Anglophone countries.

The data shows that when it comes to oversight of public financial management in Africa, the Francophone countries perform less effectively than their Anglophone counterparts. Furthermore, the fact that non-African Francophone developing nations also have more effective oversight of their public finances than those in

Africa, confirms that, in spite of the problems inherent in the French system design, deficiencies in Africa are more likely to do with lack of adherence to rules and procedures than with deeper, insurmountable structural issues.

To understand the implications of failing to address oversight weaknesses in Francophone Africa, the next step is to look at how economic prosperity has a bearing on the effective conduct of public finance governance and vice versa.

Analysis 3: How the effectiveness of public finance oversight in developing Francophone countries affects national prosperity

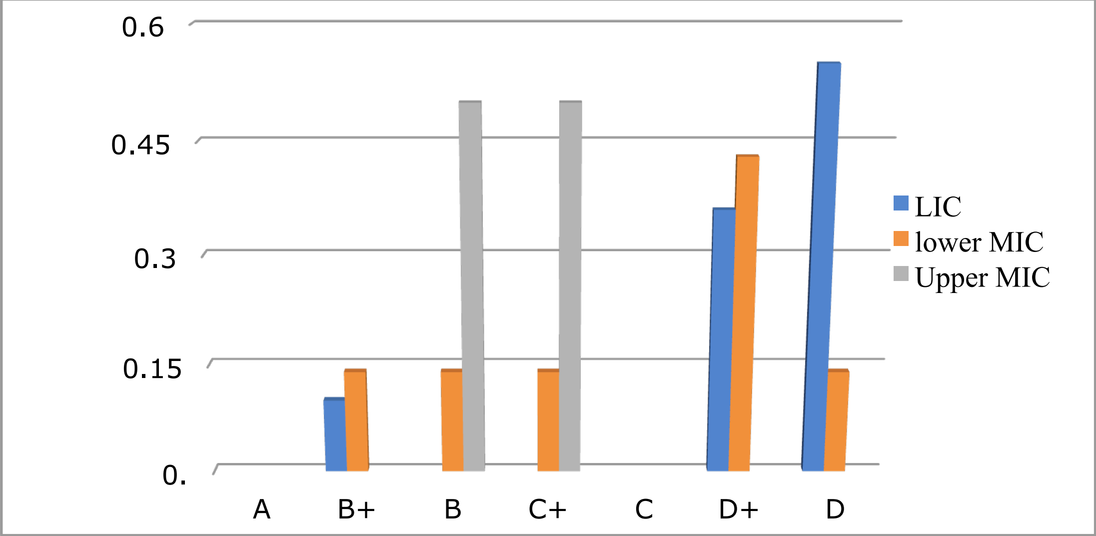
Using the group of all Francophone low to middle income countries for which PEFA data is available, the third analysis looks for relationship between oversight effectiveness and a country's economic standing as measured by World Bank GNI per capita data. To test the thesis that more economically developed countries in the main have more effective oversight of public finance than less prosperous ones, the proportional distributions of ratings for the three PEFA indicators of interest for all low and middle income francophone countries that have been assessed (Table B) are charted using World Bank income classifications. Although the focus is on LIC and lower MIC countries —also referred to as developing economies— PEFA reports for two upper MICs have also been included to provide an additional reference point.

Analysis of effectiveness of external audit by SAI

It is clear that LICs have the highest proportion of D/D+ scores in PI-26 which assesses external audit capacity, with only Rwanda achieving better at B+. Although the majority of Lower MICs are rated D+, distribution is spread more evenly over the B+ to D range than for LICs with Mauritius, Moldova and the Seychelles achieving a B or B+. The two Upper MICs are scored B and C+.

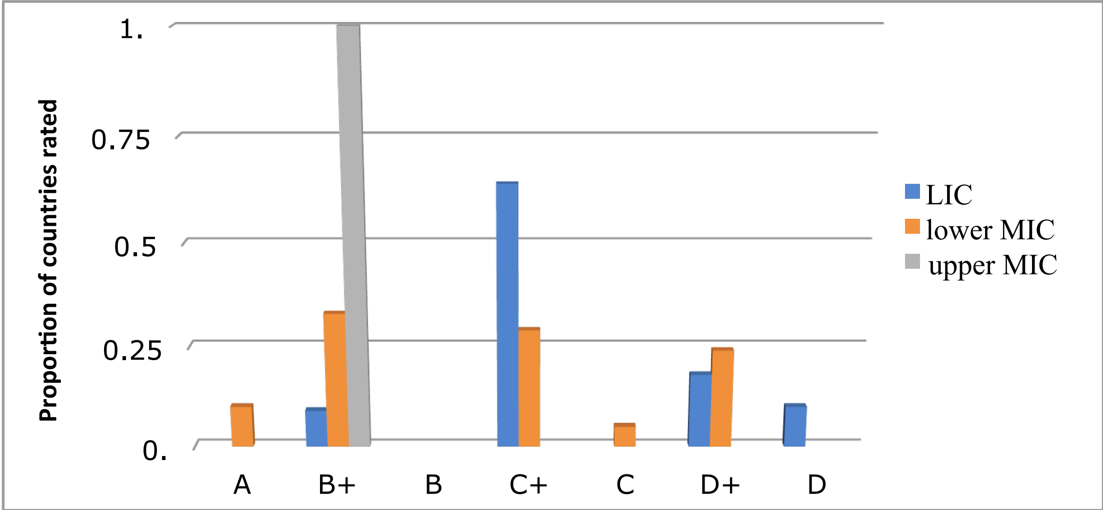
PI-26 - Scope, nature and follow-up of external audit - *evaluates the external audit of a country's budget in terms of what is covered, procedural standards, timeliness of completion and how the audit is followed-up.*

Fig 10. PEFA PI-26 - Distribution of ratings by income class for francophone countries



PI-27 - Effectiveness of legislature scrutiny of annual budget law - *concerns internal control aspects of PFM systems.*

Fig 11. PEFA PI-27 - Distribution of ratings by income class for francophone countries

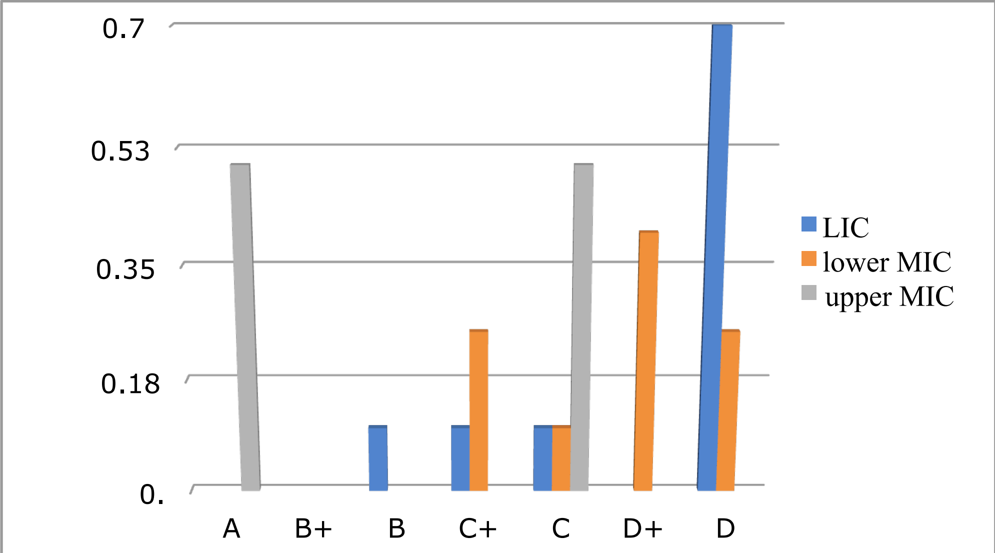


Analysis of effectiveness of scrutiny of internal budget documentation by the legislature

Differences in the comparative distribution between the LIC and Lower MIC countries for PI-27 ratings which relate to internal controls (Figure 11) are less marked than for PI-26 that deals with external audit. Both classes have close to 30% of members rated D/D+ although lower MICs have proportionately more good ratings (A/B) than do the LICs. Again, the two Upper MIC countries perform best with all scores rated at B+.

PI-28 - Legislative scrutiny of external audit reports - *assesses the capacity of the legislature for scrutinizing external audit reports*.

Fig 12. PEFA PI-28 - Distribution of ratings by income class for Francophone countries



Analysis of effectiveness of legislature to scrutinize external audit reports

As with PI-26, the graph of PI-28 ratings - concerned with legislature scrutiny of audit reports - shows correspondence between governance of public finance and a country's level of income. LICs have the highest proportion of lowest D scores at 70%, with only 3 of the 10 LIC countries assessed achieving better (Rwanda B, Niger C+ and Burkina Faso C). Lower MIC countries are scored higher, clustered around D+ while one of the two Upper MICs receives the only A grade.

By analyzing the PEFA scores and income class data, it has been shown that more economically developed countries tend to have more effective oversight of public finance than less prosperous ones within the group of low-middle income Francophone nations. This could be the result of a range of factors such as higher wages leading to less corruption and so less leakage of public funds, more financial resources for employment and training of parliamentary staff and more capacity in executing rigorous external auditing of

budgets and government spending. Whatever the reasons, the findings lead on to considering if other macroeconomic factors may be significant when it comes to the governance of budgets and expenditure. In particular, a hypothesis is that by relieving developing countries of international debt burdens, resources can be made available for staffing and development of domestic institutions, which will result in better oversight of public financial management. Accordingly, the next analysis looks for potential correlation between oversight effectiveness and external debt (expressed as percentage of GNI), again using PEFA and World Bank data for the full group of low to middle income Francophone countries.

Analysis 4: Relationship between oversight effectiveness and external debt

Figure 13. Francophone developing countries: Correlation between PEFA PI-26 and country external debt/GNI

PEFA INDICATOR 26	PI-26	PI-26 (i)	PI-26 (ii)	PI-26 (iii)
Spearman Rank Correlation Coefficient - % year & PI	-0.08118	-0.02319	-0.09945	-0.18175
Significant @ 10%	No	No	No	No
Significant @ 5%	No	No	No	No
Significant @ 1%	No	No	No	No
Spearman Rank Correlation Coefficient - % 5 year average & PI	0.127685	0.139551	0.105703	0.163467
Significant @ 10%	No	No	No	No
Significant @ 5%	No	No	No	No
Significant @ 1%	No	No	No	No
Spearman Rank Correlation Coefficient - % 10 year average & PI	0.186086	0.150959	0.156697	0.344939
Significant @ 10%	No	No	No	Yes
Significant @ 5%	No	No	No	Yes
Significant @ 1%	No	No	No	No

To understand what, if any, relationship exists between effective governance of public finance and economic performance in developing francophone economies, it is possible to look for correlations between the PEFA scores concerned with public finance oversight and percentage of debt to gross national income (GNI) using World Bank economic data that corresponds to the calendar year of the latest PEFA report for each country.[6] Because these variables are not likely to exert immediate effect on each other, 5-year and 10-year averages for the periods immediately preceding the PEFA report years are also used in this analysis. It is clear that this research should be viewed very much as preliminary, and at some future time as more data is accumulated, further analysis that includes post-report data will be needed to fully explore potential relationships.

[6] Where a PEFA report is dated January to March, the previous year's economic data has been applied.

To look for relationships between the measures that assess strength of governance and economic performance, Spearman's rank coefficient is used in preference to Pearson correlation because PEFA data are in the form of intervals rather than absolute measures.[7] Spearman's rank analyses paired datasets of the relative rankings of each variable to look for statistical dependence. To perform the correlation analysis, PEFA scores are converted to numeric values using a half-point scale where D = 1, D+ = 1.5, C=2, …. A=4.[8] Numeric PEFA scores and country debt data are ranked in descending order to create paired datasets which are available to look for correlation. Summarized findings of correlation at different significance levels based on two-tailed/non-directional normal distribution are shown in the tables in Figures 13, 14 and 15 below for PEFA indicators PI-26, PI-27 and PI-28 respectively with cases of positive correlation highlighted.

PEFA INDICATOR 27	PI-27	PI-27 (i)	PI-27 (ii)	PI-27 (iii)	PI-27 (iv)
Spearman Rank Correlation Coefficient - % year & PI	0.255247	0.112731	0.020788	0.348462	0.04046
Significant @ 10%	Yes	No	No	Yes	No
Significant @ 5%	No	No	No	No	No
Significant @ 1%	No	No	No	No	No
Spearman Rank Correlation Coefficient - % 5 year average & PI	0.474047	0.283855	0.215514	0.468767	0.121234
Significant @ 10%	Yes	Yes	No	Yes	No
Significant @ 5%	Yes	No	No	Yes	No
Significant @ 1%	Yes	No	No	No	No
Spearman Rank Correlation Coefficient - % 10 year average & PI	0.540039	0.43937	0.414883	0.391444	0.117666
Significant @ 10%	Yes	Yes	Yes	Yes	No
Significant @ 5%	Yes	Yes	Yes	Yes	No
Significant @ 1%	Yes	No	No	No	No

PEFA INDICATOR 28	PI-28	PI-28 (i)	PI-28 (ii)	PI-28 (iii)
Spearman Rank Correlation Coefficient - % year & PI	-0.09863	-0.0996	-0.08706	-0.1555
Significant @ 10%	No	No	No	No
Significant @ 5%	No	No	No	No
Significant @ 1%	No	No	No	No
Spearman Rank Correlation Coefficient - % 5 year average &	0.061803	0.046677	0.087102	-0.01961

[7] Spearman is nonparametric and uses a monotonic function. As such, it is less sensitive to strong outliers occurring in the distribution tails of both samples.
[8] The data conversion methods from cardinal to ordinal that necessarily includes an assumption that the intervals between scores are equal is recognized by PEFA in its notes on statistical use of its indicators.

PEFA INDICATOR 28	PI-28	PI-28 (i)	PI-28 (ii)	PI-28 (iii)
PI				
Significant @ 10%	No	No	No	No
Significant @ 5%	No	No	No	No
Significant @ 1%	No	No	No	No
Spearman Rank Correlation Coefficient - % 10 year average & PI	0.078803	0.063091	0.13796	0.006236
Significant @ 10%	No	No	No	No
Significant @ 5%	No	No	No	No
Significant @ 1%	No	No	No	No

Analysis of relationship of external debt and effective oversight of public finance

Accepting the limitations of this analysis until more data becomes available, there is an indication of statistical dependence at 5% significance level for PI-26 (iii) - *evidence of follow-up on audit recommendations* - with 10-year average external debt stock. For PI-28 (legislative scrutiny of external audit reports) and its sub indicators, no statistical correlation with short or longer term external debt was found. However, for PI-27 (*legislature scrutiny of the annual budget draft*) there is evidence of statistical dependence in the first three dimensions with external debt, especially over the longer periods of time. For example, correlation of PI-27 (i) - which deals with scope of legislature scrutiny - with 10-year average external debt is statistically significant to 1%, meaning that there is less than 1% probability that the strength of relationship found occurred by chance.

This statistical analysis provides tantalizing hints of a relationship between internal scrutiny by the legislature (represented in indicator PI-27) and external debt, but less so in the case of the external auditing dimensions (represented in indicators PI-26 and PI-28). As data from more contemporary time intervals becomes available, more statistical analysis will be needed to explore this further to understand possible cause and effect dependencies.

Taking account of the fact that a growing body of research has demonstrated that legislative oversight is an important determinant of corruption —also affirmed by GOPAC and the Parliamentary Oversight Global Task Force (GTF-PO) — next, statistical analysis is used to determine the extent to which a country's capacity in audit and external scrutiny of public finance management correlates with Transparency International's CPI assessment of perceived corruption.

Analysis 5: How effectiveness of oversight affects transparency and corruption

The final analysis is a statistical evaluation to examine a widely-held view that there is direct relationship between good oversight and reduced corruption. As in the case of the previous analysis that looked for the relationship between oversight of public finance and a country's external debt, this should also be viewed as

preliminary groundwork and a precursor to more comprehensive analysis that will need to be undertaken at a future time. Once again, the same three PEFA indicators that assess public financial management oversight are used as for the francophone developing countries. These are compared to Transparency International's Corruption Perceptions Index (CPI).[9] To compare PEFA ratings of public finance management oversight effectiveness with corruption level as measured by CPI, the CPI scores for the year corresponding to the most recent PEFA report in each case are used.[10] As in the statistical analysis of PEFA ratings and external debt, Spearman's rank coefficient is once again used in preference to Pearson correlation as both PEFA and CPI are interval measures. The summarized correlation findings at different significance levels based on two-tailed/non-directional normal distribution are shown in the tables in Figures 16, 17 and 18 for each of the three PEFA indicators with incidences of positive correlation highlighted.

Figure 16. Francophone developing countries: Correlation between PEFA PI-26 and CPI

	PI-26	PI-26 (i)	PI-26 (ii)	PI-26 (iii)
Spearman Rank Correlation Coefficient - CPI and PI	0.4603	0.318	0.3265	0.57884
Significant @ 10%	Yes	Yes	Yes	Yes
Significant @ 5%	Yes	No	No	Yes
Significant @ 1%	No	No	No	Yes

Figure 17. Francophone developing countries: Correlation between PEFA PI-27 and CPI

	PI-27	PI-27 (i)	PI-27 (ii)	PI-27 (iii)	PI-27 (iv)
Spearman Rank Correlation Coefficient - CPI and PI	0.4666	0.30028	0.42487	0.32674	0.32814
Significant @ 10%	Yes	Yes	Yes	Yes	Yes
Significant @ 5%	Yes	No	Yes	No	Yes
Significant @ 1%	No	No	No	No	No

[9] Each year Transparency International scores countries on how corrupt their public sectors are seen to be using a 100-point scale converted to a 10-point scale in our analysis where 0 means that a country is highly corrupt and 10 means it is found to be entirely free of corruption.
[10] In instances where the PEFA report is dated January to March, the previous year's CPI score is used.

Figure 18. Francophone developing countries: Correlation between PEFA PI-28 and CPI

	PI-28	PI-28 (i)	PI-28 (ii)	PI-28 (iii)
Spearman Rank Correlation Coefficient - CPI and PI	0.3209	0.19508	0.46344	0.08046
Significant @ 10%	Yes	No	Yes	No
Significant @ 5%	No	No	Yes	No
Significant @ 1%	No	No	No	No

Analysis: Relationship between corruption and oversight effectiveness

It is commonsensical that positive correlations between low levels of perceived corruption and good PEFA scores should be expected, and the data supports this. The analysis demonstrates correlation at 10% level of significance between each of the three PEFA indicators of effectiveness of oversight of public finance and corruption as measured by CPI, meaning that there is less than 10% probability that the strength of relationship found occurred by chance. Furthermore, both PI-26 and PI-27 —dealing with external audit and legislature scrutiny of the annual budget respectively —correlate with CPI (corruption) at 5% significance. Credibility of legislature procedures (PI-27 ii) and its commitment to scrutinizing key audit findings through hearings (PI-28 ii) correlate to CPI at 5% while audit follow up represented by sub-indicator PI-26(iii) is particularly important with a Spearman coefficient of 0.579 which is significant to 1%.

Conclusions: why it is important to address governance issues in Francophone Africa, and what the international community can do

Analysis of the PEFA data confirms that in oversight and scrutiny of public finances, Francophone countries in the low to lower middle income category, in general, perform less effectively than their Anglophone equivalents. Weaknesses in governance are most critical among Francophone nations in sub-Saharan Africa. Also, a clear correlation between the effectiveness of oversight of public finance and the extent to which corruption prevails demonstrates the insidious effect of weak oversight of public finances on the conduct and legitimacy of government. Further relationships between effective public financial oversight and a country's income and indebtedness have also been found, showing how effective oversight of government finances is necessary for nations to achieve good economic performance. That the presence of robust and independent systems of audit and effective scrutiny of budget plans and audit reports by the legislature result in improved national prosperity provides strong incentive for the international development community to apply greater attention to assisting the Francophone countries where oversight is weak. As further and up-to-date PEFA assessments become available, a more complete appreciation of how effective governance of the public purse translates into long-term economic prosperity will emerge, as will better understanding of the relationship between oversight effectiveness, legislature involvement, transparency and other variables that might act as influencing factors.

A number of institutions including The World Bank, McGill University and Laval University in association with the Parliamentary Centre and l'Association des Secretaires Generales des Parlements Francophones (ASGPF) have been engaged in researching Francophone parliamentary oversight of public finance, including carrying out comparative analysis of the operational effectiveness of the two systems (Francophone and Anglophone), redressing an historical imbalance in knowledge of the different models of governance. Over several years, a large body of research has been done in relation to the Westminster system, leading to the delivery of assistive resources to the legislatures and SAIs of embryonic administrations. These programs have almost certainly contributed to the superior governance performance that is found in Anglophone countries versus the developing Francophone nations. Therefore, while as already seen, simplicity in the Westminster model may be more conducive to effective oversight of government finances than is inherent in the more complicated French system, lack of international support for Francophone legislatures and audit bodies is also a likely factor when it comes to explaining their lesser effectiveness. Consequently, addressing the deficiency in the provision of practical assistance is one of the single most important contributions that international organizations can make to improving the effectiveness of financial governance in Francophone countries, so ultimately curbing corruption, increasing national prosperity and reducing poverty.

The provision of knowledge-based resources and capacity strengthening initiatives in the form of training, mentoring, practitioner materials, provision of regional support services and information-sharing programs that are tailored to the requirements of the Napoleonic model are needed. International organizations and the development community have a good record of providing these resources to auditors, parliamentarians and support staff in nations with Westminster-style government. Their attention now needs to turn to providing a similar level of assistance to the developing Francophone nations, especially those in sub-Saharan Africa of French and Belgian colonial heritage.

List of References

Abdourhamane, B. I., and Ivan Crouzel. "Étude comparative des systèmes budgétaires de la France et des pays de l'Afrique francophone." *Le Cap: IDASA* (2004).

Clements, Mr Benedict J., Mr Sanjeev Gupta, and Ms Gabriela Inchauste. *Helping countries develop: The role of fiscal policy*. International Monetary Fund, 2004.

Doig, A., and R. Theobald. "Corruption and Democratisation (Frank Cass, London)." *Google Scholar* (2000).

Gerring, John, Strom C. Thacker, and Rodrigo Alfaro. "Democracy and human development." *The Journal of Politics* 74, no. 1 (2012): 1-17.

Harrison, Teresa M., and Djoko Sigit Sayogo. "Transparency, participation, and accountability practices in open government: A comparative study." *Government information quarterly* 31, no. 4 (2014): 513-525.

de Jong, Fred. Marktfalen bij tussenpersonen: Onderzoek naar marktfalen in de intermediaire bedrijfstak voor financiële dienstverlening. Paris, 2010.

Lawson, A., and A. Folscher, 2011. Evaluation of PEFA Programme 2004-2010 & Development of Recommendations beyond 2011. Final Report submitted by FISCUS and Mokoro to the PEFA Steering Committee, July 2011.

Lederman, Daniel, Norman V. Loayza, and Rodrigo R. Soares. "Accountability and corruption: Political institutions matter." *Economics & Politics* 17, no. 1 (2005): 1-35.

Lienert, Ian. A comparison between two public expenditure management systems in Africa. Vol. 2. International Monetary Fund, 2003.

Marcoux, Richard, and Mathieu Gagné. "La francophonie de demain: essai de mesure de la population appartenant à la francophonie d'ici 2050." *Cahiers québécois de démographie* 32, no. 2 (2003): 273-294.

Moser, Josef. "The Significance of the Resolution of the UN General Assembly on SAI Independence for the Development of Transparency, Accountability and Efficiency in the Public Sector." In *Supreme Audit Institutions*, pp. 34-49. Nomos Verlagsgesellschaft mbH & Co. KG, 2013.

Pelizzo, Riccardo, and Rick Stapenhurst. "Tools for legislative oversight: An empirical investigation." (2004).

Persson, Torsten, Gerard Roland, and Guido Tabellini. "Separation of powers and political accountability." *The Quarterly Journal of Economics* 112, no. 4 (1997): 1163-1202.

Rotberg, Robert I., and Rachel M. Gisselquist. Strengthening African governance: Index of African governance results and rankings. Harvard Kennedy School, 2009.

Shaw, Timothy M. "Africa's Quest for Developmental States: 'renaissance' for whom?." *Third World Quarterly* 33, no. 5 (2012): 837-851.

Schick, Allen. "Post-crisis fiscal rules: Stabilising public finance while responding to economic aftershocks." *OECD Journal on Budgeting* 10, no. 2 (2010): 35.

Stapenhurst, Rick, ed. *African Parliamentary Reform*. Vol. 42. Routledge, 2011.

Stapenhurst, Rick, Niall Johnston, and Riccardo Pelizzo, eds. *The role of parliament in curbing corruption*. World Bank Publications, 2006.

Stapenhurst, Rick, and Jack Titsworth. "Features and functions of supreme audit institutions." (2002).

Wynne, A. 2010. "Independence of Supreme Audit Institutions in Sub-Saharan Africa". *International Journal of Government and Financial Management*.

Wynne, Andy. "The General State Inspectorate-Independent or Under the Executive-How Does It Compare with the Court of Accounts in Sub-Saharan Africa?." (2011)

Chapter 3

The Evolution of Parliamentary Oversight of Public Finance in France

Mohamed Djouldem

In France, parliamentary oversight of public finance is currently the subject of heated debate in various political, scientific, and professional spheres, as well as in the media. Some criticize it as being ineffective, while others call for its reform and modernization to increase its effectiveness in reaching the goals of managing and balancing public finances and ensuring transparency.

Because of parliamentary oversight, France's budget is not simply a bill by which the government's revenues and expenses are planned and approved. Budgetary process is the testimony of the health and the vitality of parliamentary democratic processes since Parliament adopts (or vetoes) the budget prepared by the executive branch and then oversees the execution of the budget done by the government's administration.

This feature of representational government is the culmination of historical efforts to implement checks to ensure executive transparency, or at the very least, shed some light on the use of public funds and the outcomes of related policies. From this standpoint, the history of modern government and the history of public finances are inseparable (P. Rosanvallon).

The key question addressed in this Chapter is: "How has parliamentary oversight of public finances been institutionalized in France?" In the literature, this is presented as having been a difficult process giving rise to what has become a permanent conflict between parliament and the government. If we consider the hypothesis that parliament's scrutiny of the budget can be used to determine whether or not a given regime can be considered democratic, the budgetary powers of the French Parliament should be examined from two standpoints. On the one hand, it is important to analyze this role in a chronological and descriptive manner, describing the process of "parliamentarizing" the oversight of public finance within its political contexts and institutional configurations. On the other hand, it needs to be analyzed from a thematic point of view, looking at the various dynamics involved in creating, rationalizing and reworking parliament's powers of financial oversight under the political regimes in France.

By combining these two perspectives, a more comprehensive understanding can be reached of the particular characteristics and composition of parliamentary oversight of public finance in France. However, foreign political influences, the over-technification and the increasingly complex and international nature of the issue should not be overlooked. With this in mind, this chapter also analyses what is - and what is not - specifically French when it comes to the parliamentary oversight of public finance.

The analysis which follows is based on the assumption that the parliamentary oversight of public finances, which has set the tone for the complex relationship between the executive and the legislative branches, is central to both political negotiations and institutional arrangements. It is useful to examine key moments and points with two goals in mind: first, to understand historical dynamics and developments and the imperatives

that have arisen from them, and second, to identify the principles that underpin the control of public finance through the creation of procedures adapted to these new imperatives.

The Foundations and Instability of Parliamentary Oversight of Public Finance

A whole series of deadlocks in the eighteenth century led to the French Revolution, but the largest and most urgent problems addressed were financial in nature. The Estates General were called upon to resolve the situation, particularly the "permanent Treasury deficit" which led to—and was transformed by—the advent of a constitutional regime. Public finances were being turned completely upside down. It is not surprising that the first act of the newly-formed National Assembly was to forbid the "levying of taxes and payments of any kind that have not been specifically been formally and freely established by the National Assembly".

While the Revolution put an end to the financial structure of the Ancien Régime, it fell to Napoléon Bonaparte to reorganize and centralize the management and control of public finances during the Consulate (1799–1804) and the First Empire (until 1814). From the Restoration (1815–1830) through to the Second Empire (1852–1870). A new budgetary framework was created and measures were implemented to control public finance. The mechanisms and practices for control of public finance as a series of political regimes were instated and replaced during the revolutionary and post-revolutionary periods.

Legislative Control of Public Finance Under the Constitutional Monarchy

The creation of a Constitutional Monarchy (1789-1792) involved levelling the entire traditional structure of the State and replacing it with new structures. The members of the National Constituent Assembly were particularly concerned with public accounts, as they were called upon to resolve the country's financial difficulties.

There was a strong desire to consolidate legislative power over public finance and this is reflected in the Declaration of the Rights of Man and of the Citizen of 1789, in particular in Article 14, which stipulates that citizens have the right to decide as to the necessity of the public contribution and "to know to what uses it is put." The subsequent article, by stipulating that: "Society has the right to require of every public agent an account of his administration," established the principle of rendering public account to the Nation, or, at the very least, to its representatives" (J. Garrigues, 2007).

The constitutional text of 1791 set out the National Assembly's prerogatives, notably, the identification of budgetary resources required and the oversight of public finances. It upheld the authority of the legislative body over public finances, as it conferred the following rights exclusively to the legislative body: the right to fix public expenditures; the right to fix the public contribution, including its nature, portion, and method of collection; and the right to allocate direct taxes among the departments of the kingdom, supervision of the use of all public revenues, and having account rendered thereof.

This "constitutionalization" of the public finance oversight powers of the Assembly raised the question as to whether or not the members of the Assembly would conduct oversight themselves or should delegate that function to a new, independent oversight institution, in the form of a superior, specialized agency. After

considerable deliberations, the latter option was abandoned and legislative control of public finances was conferred to a new institution: the Bureau de la comptabilité (or Bureau of Accounts) (C. Glineur, 2011).

The Assembly members debated the Bureau's composition, powers and means of intervention, as well as the procedure for rendering accounts. While they agreed that the Bureau's purpose was to examine accounts and allow the Assembly to choose whether to settle them or bring them before a judge, the composition of the Bureau was contentious. If the Bureau were to consist of Assembly members, this would mean that the legislative branch would be allowed to interfere with administrative matters falling under executive jurisdiction, contrary to the principle of the separation of powers.

The procedure of rendering accounts was also the topic of a technical discussion which revealed deeper political issues. Which bookkeepers were to present their accounts to the Bureau? It was up to the Constitutional Assembly to decide. To adequately carry out their mission, commissioners were given seemingly general powers of oversight and inspection. Indeed, in order to have the information they needed, they were authorized to correspond with the managing boards of the various départements and the commissioners of the National Treasury, i.e., "all the administrators, accountants and clerks required to render account to them." The members of the Assembly were careful not to confer too great a power over the administrative duties. They considered that it was up to the Assembly alone to decide which measures to take, at the Bureau's recommendation. The legislative branch's interference in the jurisdiction of the executive branch helped to create a climate of mutual distrust between the two powers.

The First Republic: From the Convention to the Directory

The fall of the Monarchy and the advent of the First Republic (1792–1795) did not improve this distrust between the legislative and executive branches (M. Bouloiseau, 1972.). The 1793 constitution was directly linked to the fundamentals of democracy and brought together members from all political groups. The divide between two political factions, the Girondins and the Montagnards, produced long-lasting effects within the republican movement. The Montagnards favoured the radicalization of the Revolution (in a democratic or social sense) while the Girondins were committed to the defense of freedoms, including economic freedom, sought to institute a moderate Republic.[1]

The constitution adopted was that of the Montagnards, under which the members of the Assembly were the nation's representatives. While this constitution was never enacted its echoes could be heard within the republican movement until the 20th century (J. O. Boudon, 2014.). The evolution of the public finance system during that period was shaped by two major concerns: first, the reform of public finances, in both fiscal and accounting terms, and second, the need to address the war abroad and counter-revolutionary insurrections.

---

[1] For the Girondins, the executive branch would be directly subordinate to a sovereign legislative assembly. Nevertheless, this centralized legislative branch would be limited by the will of the people: any constitutional law would be submitted to a popular vote. Public censure had to allow for an existing law to be abolished and a new law to be created. For the Montagnards, the central role of the legislative branch was fully established through the structure of powers, corrected by the practice of referendum, implemented by a complex bill ratification process by now-permanent primary assemblies that would be both elected and deliberative bodies. The strength of the Assembly, elected for a year, would be reinforced through its power to elect ministers and oversee the executive branch.

The rift between the Montagnards and the Girondins made any reform difficult, and public debt remained high (M. Bottin. Histoire des finances publiques, op.cit.). This situation, which lasted until the Empire was proclaimed, is noteworthy due to the different institutional models it proposed.

The Directory (1795–1799), inherited a difficult situation and attempted to stabilize it (D. Woronoff, 1972). The new constitutional text of 1795 was drawn up in light of this situation. It contained a section XI called "Finances" which included 11 articles dedicated to the national treasury and public sector accounting. The legislative branch was involved in execution procedures through to the closing of accounts. The Bureau of Accounts had the right to close accounts, ruled on appeals and decided if an accountant was required to repay a debt. Granting full discharge remained under the Assembly's authority. The Directory replaced the Bureau of Accounts with the *Commission de la Comptabilité*, or the Committee of Accounts, through a law passed on December 9, 1795.

Despite the creation of new institutional models, war and the economic crisis continued to worsen the financial situation, leading to a social crisis. On a political level, the Directory was never able to assert itself in the face of the Jacobites and Royalists. This political context was not exactly conducive to fostering mutual trust between the political powers of the day.

The Elimination of Parliamentary Oversight Under the Consulate and the Empire

Napoleon Bonaparte came into power through what has been termed a two-phase parliamentary coup d'état: a review of the constitution, in particular to strengthen the powers of the executive branch and the vote of the Council of Ancients to move the seats of the assemblies. The executive branch was given supremacy over the legislative branch, although the Consulate regime (1799-1804) never completely abandoned the assemblies.

The Consular Constitution was intended to mark the end of the revolutionary period, but it nevertheless followed in the footsteps of the constitutional reform begun in 1791. For the first time since then, it introduced a strong executive branch. Certainly, the bicameral legislature introduced earlier was maintained but its political role was significantly reduced. The legislative process was shared between two assemblies: the upper chamber (Tribunate) and the lower chamber (Corps législatif).

These assemblies had no authority to create laws and no control over the government. They also needed to take into account the two other institutions overseeing the parliamentary process, without being legislative assemblies, strictly speaking: 1) the *Conseil d'État* or Council of State, composed of fifty members handpicked by Napoleon, charged with the preparation of legislation they would then present to the assemblies, and 2) the Senate charged with ensuring the constitutionality of the laws that the Tribunate and/or government submitted to it. This oversight authority was never exercised. The new regime was based on an increasingly strong executive branch, while maintaining the illusion of a parliament until its fall in 1814 (J. O. Boudon).

Regarding public finances, the Consulate and the Empire did not resolve the problem of fiscal resources, in particular taxation (tax base and distribution of burden) and credit. Napoleon's legacy was most of all the implementation and strengthening of financial administration characterized by a more disciplined use of existing and borrowed funds.

This administrative discipline had two aspects: First, discipline in terms of the tax base and the collection of taxes. The fashioning of the role of the direct contribution was conferred upon directors and inspectors at the level of *départements*, and controllers at the level of *arrondissements*. Taxes were collected by appointed officials who received prorated pay based on the amounts collected. Revenues were centralized by collectors for each *arrondissement*, then by general collectors for each *département*, and then submitted for verification by a body of inspectors general from the Treasury. And second, discipline in terms of spending. While the revenue budget belonged to the Ministry of Finance, managing expenses fell to the Treasury's paying agents, who only did so upon receipt of orders delivered by regional administrations and after having verified that the expense was in good order and aligned with projected budgets and restrictions.

The *Commission de comptabilité* or Committee of Accounts, under the government's authority, became, in 1807, the *Cour des comptes*, or Court of Audit, which was charged with overseeing the operations of the Treasury agents. However, this oversight did not include the possibility to assess the quality of the spending: use of funds was decided at the end of the line by the Emperor himself, who was never concerned with strictly balancing the budget. Thus, the Consulate and the Empire era were not favourable to the emergence of parliamentary oversight of public finance (L. Bergeron, 1972).

Acquisition, Consolidation and Dissolution of Parliamentary Oversight

It was with the Restoration (1814–1830) that attempts were made to found a liberal, moderate political system embodying a true balance of powers. Representational government was the most significant political development at the start of the nineteenth century.

It was with the constitutional texts of 1814 and 1815 that control of public finances was institutionalized progressively as a democratic requirement in alignment with this political liberalism. In this new context, the vote on budget became the main opportunity, since the Restoration, for Parliament to effectively exercise its oversight on government activities.

Relations between the executive and legislative branches improved, which was conducive to the development of parliamentary oversight. A new rapport based on trust and open communication between the members of parliament and the members of the government developed (A. Jardin and A.J. Tudesq, 1973). Through this, a closer connection between budgetary and accounting procedures developed and led to the establishment of a modern accounting system. The disclosure of reliable information that ensued allowed agents to better manage finances. The need for members of parliament to vote on credits and to be in the know led the chambers to make the knowledge of administrative activities an extension of the constitutional principle concerning consent to taxation.

Under the Restoration and the July Monarchy, broad budgetary principles and public accounting rules were defined and applied. Amendment rights were strictly regulated but contested, in the name of financial orthodoxy, by the members of parliament themselves. However, they made very conservative use of this right.

Parliamentary Oversight Under the Restoration

The progressive establishment of a parliamentary regime throughout the nineteenth century was clearly reflected by the development of oversight of public finance. This control was primarily exerted during budgetary debates. Parliament's budgetary powers continued to grow as new precepts were implemented such as parliamentary authorization, the yearly nature of authorization, the speciality of credits, and the universality and unity of the budget. The Restoration ushered in a new era in terms of the construction of public finances, and concerns with organization, discipline and clarity were gradually addressed. The State, which until then believed that its financial power lay in an unrestricted management of public funds, discovered the advantages of having a regulatory framework governing the budget.

Budgets were established on a provisional basis, including both income and expenses, and submitted for approval by the chambers. The threat of budget veto was not only a means to enforce ministerial accountability, but also to make choices on expenses. A connection between consent to and use of taxes was quickly established: with the right to vote on taxes came the right to check whether that tax was being requested for the State's necessities, and the right to check those necessities, as well as to monitor the use of funds and ensure that they were not diverted from the sole purpose for which they were granted.[2]

The genuine concern that funds were not diverted from their destination assumes nevertheless that the chambers had the necessary information needed to exercise their oversight role effectively. The quality of information had to be such that the use of funds could be monitored, and projections could be established based on more solid grounds.

This requirement led to the creation within the administration of the Inspection des finances, or Inspectorate of Finances, in 1816, which came under the Ministry of Finance. The Court of Audit, mentioned earlier, was created on September 16, 1807. It laid at the heart of the new institutional system governing the oversight of public finances. The Court of Audit was responsible for two aspects of oversight: balancing the bookkeepers' accounts with those of the authorizing officers, and auditing the centralized accounts across the country (S. Kott).

The role of Parliament with regard to the ministers' activities took on a different shape. Starting with the first budget votes, the government was required to include a detailed list of expenses with the bill, based on a more detailed nomenclature than that submitted for vote. Thus, from the onset of the Restoration, members of Parliament received a list of expenses per chapter (specialized unit), while the texts submitted for vote organized budget expenses by ministry. It was on this basis that a discussion surrounding budgetary oversight

---

[2] Excerpt cited in René Stourm, *le budget*. Paris, Librairie Félix Alcan, 1912, p. 43.

could eventually be established among members of parliament. This list served as a general guide for the monarch, but it was the basis on which he allocated funds after the finance bill was ratified. By royal order, the funds were distributed by chapter, specifying how they were to be used within each ministry.

However, the role of Parliament in the oversight of public finances must be qualified. While financial authorities agreed to present their accounts to Parliament, this did not mean they were accountable to it. Financial responsibility was gauged by the King, who was the incarnation of financial power and sole judge of whether public funds were being used properly.

The idea of financial information improvement must also be tempered. Under the Restoration, public agents had the obligation of "presenting" and "rendering account".

- Rendering account involved justifying and explaining, in a detailed manner, the use to which financial resources had been put. The obligation to render accounts did not just involve financial responsibility, but also a hierarchical relationship and a sanction.
- The presentation of the accounts was based on a different argument. From an accounting point of view, presenting the accounts stemmed from the concept of transparency.

This distinction was contained in the legislation[3]. Consequently, the authorizing officers did not render account to the chambers nor were they accountable to them. They only *rendered* account to the King. The ministers' accounts had to be *presented* to the chambers.[4] This distinction meant that when the accounts were addressed to authority, they were rendered, but when they were made public, "for information purposes," they were only presented (S. Kott).

Parliamentary Oversight Under the July Monarchy

This situation in which Parliament was limited in its role led to a political crisis that provoked the fall of the Restoration in 1830 (A. Jardin and A.J. Tudesq.). To emerge from this crisis, a reorganization and restructuring of powers was undertaken, and Parliament, especially the Chamber of Deputies, emerged stronger.

Under the July Monarchy (1830–1848), the Constitutional Charter of 1830 reformed the Constitution of 1814 and upheld the institutional equilibrium of the Restoration, namely the reconciliation of a hereditary monarchy with representational institutions, and in particular the elected lower chamber and the aristocratic upper chamber.

In essence, these constitutional reforms gave birth to a parliamentary monarchy characterized by a deepening of relations between the Parliament and the executive branch. In terms of public finance, the Chamber of Deputies progressively set the groundwork for the examination of budgetary amendments, which led to the

[3] According to the provisions of the Bill of March 25, 1817 and the Order dated December 10, 1823.
[4] According to the Order dated May 31, 1838

strengthening of the role of the finance committee. Members of Parliament honed the requirements of the budgetary principles introduced during the Restoration.

Review of Parliamentary Oversight Under the Second Empire

In 1848, France underwent a regime change leading to The Second Republic (1848-1852). Under that regime, the Legislative power was exclusively vested in the *Assemblée nationale législative* or Legislative National Assembly: a permanent body which had the authority to create laws. The upper chamber was abolished. The Constitution under the Second Republic also provided for the election of a President of the Republic, who held significant powers. The President could present bills and shared the right to initiate legislation with the Assembly, although he could not dissolve the Assembly. In a crisis, the Constitution could be revised or amended.

Bonaparte came back to power elected as President of the Republic (M. Agulhon, 1992). The issue of the presidential prerogatives and privileges created a conflict between the Assembly and the President. Failed attempts to review the constitution led to the overthrow of the Assembly. The ensuing crisis ended with the restoration of the Empire (1852–1870), resulting in the political marginalization of Parliament.

The Emperor, while concerned with preserving the appearance of democracy, concentrated powers in his own hands. The Constitution of 1852 founded a political regime whereby the head of state was elected for ten years and invested with considerable powers. Ministers were merely civil servants, chosen outside of the legislative body, and accountable to the sole President. The organization of legislative power involved two chambers: the legislative body and the Senate. While the legislative body was responsible for debating and voting on bills, in particular the budget, the head of state's authority over the assemblies increased considerably. He appointed most of the senators and had the power to dissolve the legislative body.

The Constitution of 1852 thus ushered in a political system with a strong executive that was not favourable to Parliament in areas of public financial oversight. Budget debates became less transparent with a return to votes per ministry rather than per chapter. A distinction was drawn between the "presentation" of the budget and the "vote" of the budget and, by doing so, returned to the law of 1817 which reduced the specialization to voting per ministry. In particular, it limited the powers of the legislative body in financial matters—but the members attached to budgetary orthodoxy were not ready to concede. These members, nicknamed the "*budgétaires*" (budgetaries) continued to criticize the scale of the deficit and the increasing debt. They enjoyed the support of a great number of their colleagues, who regularly reelected them to the budget committee.

This movement continued to grow, and, as of 1860, forced the regime to become more liberal under mounting pressure from the bourgeoisie and the middle classes. Napoleon decided to concede greater powers to the assemblies: their amendment capacity was extended and Ministers without portfolios came before the chambers to explain and defend the government's policies. Parliament regained a portion of its powers, while debates within the legislative body became public and were published in the press. Budgetary matters were now debated by section and no longer by ministry, which strengthened the members' control

of government spending in the wake of increased dissent, and especially given the concern in financial settings over government spending.

The increase in number of votes per chapter, the investment of members of parliament in the budgetary discussion, and the desire to examine the ministry's actions and the changes to the budget bill submitted by the government, all show that budgetary decision-making had become a decisive issue for members of parliament and reflect a shift towards a liberal empire.

Signs of change appeared in 1869-70, when the rights of the legislative body (election of its board, determination of its rules, law-making rights, rights to amend, complete right of inquiry, voting on the budget down to the smallest details, oversight of government) and those of the Senate (mastery of its regulation, right of inquiry, public sessions) were extended. While these changes did not transform the regime into a parliamentary one, it nevertheless became "semi-parliamentary" (R. Rémond, 1969).

Parliamentary Oversight Under the Parliamentary Republics

By1870, political activities revolved first around the National Assembly, and then, as of 1876, around a bicameral legislature. The issues of the day led to renewed debate, while parliamentary staff became younger, more democratic and professional. Regulating public finances became a central focus and a formidable weapon in political conflict, given that budget committee chairs had the power to create and dissolve governments. Parliamentary groups gradually formed within the Assembly. Equipped with statutes, a chair, vice chairs, a secretary and treasurers, Parliament became a social environment that served at least four functions (J. Garrigues). First, it was a recognizable structure that people identified with; second, it was a centre of information and communication between members; third, it was a discussion forum where laws and amendments could be debated; and fourth, it was a political decision-making body, specifically through voting.

Controlling the government's activities became one of Parliament's primary missions and a central element of the democratic process. Under the Third and Fourth Republics, this role had evolved to the point where the government could be deposed following an audit or inquiry (J. P. Camby and P. Servant, 1992.). From this point on, two factors impacted France's budgetary history, and particularly parliamentary oversight of public finances: 1) Parliament's annual vote on the budget, which included the right to amend the budget and oversee its execution—by now an indisputable tradition; 2) General mistrust of the executive branch.

Parliamentary Oversight Under the Third Republic

The Constitutional Laws of 1875 established a parliamentary regime based on both republican traditions and the July Monarchy. Republican ideals were represented by the Chamber of Deputies, while those of the July Monarchy were reflected in the Senate. These two institutions embodied parliamentary sovereignty through election and the authority conferred on them. Deputies were elected by universal suffrage, while members of the Senate were elected indirectly by *départements*, colonies, and members of the National Assembly. The

Constitutional Laws of 1875 did not contain any provisions specifically addressing budgetary issues, implicitly assuming that these were subject to general law and considered to be simply legislative matters.[5]

Parliamentarians under the Third Republic worked to establish the distinction between the budget, which is an act of authorization, and the finance bill, which is composed of a collection of fiscal, financial, economic and social measures. The budget is a powerful political weapon. It provides legislative bodies with comprehensive information on the government's intentions while serving as a means to exert strict control and place strong pressure on the government. Essentially, if financial legislation is not integrated with the budget, an opportunity to overrule the government is lost. This political and institutional compromise was the basis on which the budgetary process was divided between Parliament and the government: there was no provision in the Constitutional Laws of 1875 conferring exclusive lawmaking authority.

Parliamentary oversight of the government's financial management was criticized under the Third Republic. Parliament's inability to exercise adequate control was primarily due to a lack of information on the implementation of the budget. Inadequate oversight is also apparent in the flaws in administrative accounting which undermined the initial statement of compliance between the bookkeepers' accounts and those of the ministers. In France, the principle of parliamentary oversight of government operations was at last fully established. The institutional framework and political context allowed Parliament to assert its legitimacy in the face of executive power and fully develop its oversight capacity. Parliament had full legislative powers at its disposal, as well as constitutional and budgetary powers.

Constitutional texts were vague when it came to the functioning of the chambers. The chambers were in charge of their own agendas, which were put forward by their respective presidents. The legislative process was often endless, budgetary debates dragged on and Deputies proposed new credits without any real restrictions or restraint. Parliamentary oversight was used as a means to ratify government policy, and the most important committee in Parliament was the budget committee—a "Chamber within the Chamber." In addition to voting on budgetary revenue and credits, the budget committee had general jurisdiction over all financial matters, making it a place of learning, a think tank and a "control tower of political life" (J. Garrigues).

Towards the end of the nineteenth century and the start of the twentieth century, this parliamentary model began to decline, evidenced by the major parliamentary reform of 1910, which enshrined the structure and role of groups and committees. The budget committee was strongly criticized because the budget was rarely adopted on time, making a provisional monthly supply vote necessary and allowing members to increase spending.

During the Great War (1914–1918), however, Parliament managed to regain a central position within the institutions of the Third Republic. It kept the upper hand when it came to lawmaking, and members were

[5] The only reference to the budget in the Constitutional Laws of 1875 concerned the National Assembly's rights of priority with regard to the presentation and vote on financial legislation (Art. 8 of the law of February 24, 1875, regarding the structure of the Senate).

fully briefed on the committees' work and could call votes on amendments at any time in session. With the budgetary and financial crisis of the 1920s, which was not purely the result of economic and monetary issues, Parliament began to show its structural flaws, real deadlocks caused by ideological differences. The government reform of the 1930s would strengthen the power of the executive branch to the detriment of Parliament, especially by means of "*décrets-lois*" or legislative decrees. Parliament conceded much of its authority to the executive branch.

The National Assembly's Monopoly on Budgetary Oversight Under the Fourth Republic

The Post World War Two period was characterised by a regime of assemblies in which parties took charge of public issues. The three parties (socialist, communist and populist republican) agreed to promote a balance of powers that would give Parliament absolute supremacy under a new political system.

In that system, Parliament (as per articles 5 to 24) was composed of a National Assembly and the Conseil de la République or Council of the Republic. The former, elected by direct universal suffrage every five years, exercised the national sovereignty to which the people were entitled. It was the keystone of the institutions. Its committees reviewed government texts and had the exclusive right to report on them during a session. The Assembly fully exercised its legislative power: it alone voted on laws and could not delegate this power, thus depriving the government of its capacity to issue legislative decrees. In contrast, the Council of the Republic had next to no power and could merely propose "recommendations" to the National Assembly. The Fourth Republic was essentially unicameral (S. Berstein, 1998).

The executive branch, as was the case under the Third Republic, was virtually dependent on Parliament. It could not act unless empowered by the National Assembly with an absolute majority. While Parliament was in session, the executive branch was subject to parliamentary control. Parliament was able to closely participate in the government's actions through various means including legislative debate, committee and plenary sessions, voting, inquiries, debate on general policies and the amendment of texts. The Assembly could overthrow the government through a vote of non-confidence. It was thus the supreme authority in all budgetary matters, as any bills and draft bills were channelled through its office. (A. Baudu, 2010).

Under the Fourth Republic, the relationship between institutions was closely defined and structured within the Constitution, in order to break with the practices of the Third Republic. However, the practices of the Third Republic were maintained. The bill proposed by the government was examined by the finance committee, which would often replace it with a bill of its own. This bill was then the basis of public debate. However, the Constitution of 1946 contained a key difference from that of 1875. Now, the constitutional provisions relating to the deputies' rights of initiative in financial matters were binding to the finance committee. Article 17 of the Constitution of 1946 stipulated that a proposal resulting in an increase in forecast expenses or the creation of new expenses could not be presented during debates on the budget or provisional or supplemental credits.

Budgetary oversight was primarily carried out by the National Assembly, with the assistance of the Court of Audit. The finance committee enjoyed broad powers of oversight, in particular the right of access to

documents, the right to perform document checks and on-site checks of "private" rapporteurs, specialized by ministry, and the right to communicate directly with the Court of Audit, for chairs and general rapporteurs. In this pro-Parliament context, parliamentary oversight led to various ministerial crises and a chronically unstable government.

Ministerial Instability and Parliamentary Oversight of Public Finances

The emergence of a new, more rational, distinctly French style of parliamentary government was prevented by two things: the role of political staff and the influence of parliamentary practices passed down from the Third Republic. (The Fourth Republic, like the Third Republic, was characterized by ongoing political instability. A fragile majority government led to a kind of political paralysis: the government had no particular prerogative in terms of the budgetary process. Finance committees became so powerful that they began to confiscate the government's right to draft the budget).

Parliament's power had grown to such an extent that it was able to adjust the institutional balance and ensure the efficiency of the parliamentary system. Nevertheless, the lack of regulations governing its processes was a direct cause of the governmental instability.

In 1956, using its "special powers," the government passed a decree to "establish a method of presenting the State budget." This decree, which was a compromise between the National Assembly and the government, targeted four key areas of improvement. First, access to information was improved: the government's economic and financial objectives were set out in an "economic report" and a "financial report," in addition to the national accounts appended to the finance bill. The budget took on a new dimension and became a broader, more rational reflection of public finances. To improve parliamentary debate, the government submitted supporting documents along with the draft budget bill, providing members with additional information on measures it contained. Second, the budget bill itself was restructured into two parts. The first authorized the collection of resources and established the means and methods for balancing them. The second, opened for debate after the first section was voted on, concerned the settling of expenses by budget heading and by ministry. The third change was to strengthen executive power, while the fourth involved making the National Assembly's Finance Committee and the Ministry of Finance the key players in the budgetary process. The Committee was expected to regulate the parliamentary process and keep proceedings on track while the Minister of Finance enjoyed increased authority, establishing draft bills, presenting them on behalf of the Council chair, countersigning decrees, and signing the payment orders that ensured the budget's execution (J. Basso and J.M. Rainaud).

Reconfiguration and Fragmentation of Parliamentary Oversight Under the Fifth Republic

Under the previous republics, Parliament's control had grown to the point where the government could be overthrown with a motion of inquiry. The Fifth Republic sought to remedy this situation. Control was now focused more on reciprocal information than the issue of government responsibility. The reorganization of

oversight mechanisms beginning in 1958 was primarily characterized by forms of oversight that lacked any true powers of sanction (J.P. Camby and P. Servant).

The political regime of the Fifth Republic was characterized by a "flexible separation" of legislation and executive powers in terms of their mutual cooperation in devising public policy and their capacity to sanction each other: the government's responsibility before the National Assembly and the government's right to dissolve the Assembly (through the president of the Republic). This basis for parliamentarism was not just the answer to previous crises, but also the result of a long-term process of modernizing the political system with the goal of fighting governmental instability. The political system was now structured around a "parliamentary" majority and a "presidential" majority. It provided a means for both sides to co-exist in the case of a divergence between the two types of majority (D. Mauss, 1999). The Constitution of 1958 established a hierarchy between powers by profoundly altering the dynamics between the government and Parliament. The Parliament of the Fifth Republic remained legislative, but could not make laws on its own, when it wished, or set its own agenda. While Parliament kept its traditional budgetary authority, in practice it was hindered by the fact that Parliament was not allowed to lower taxes or increase government spending.

The Constitution of the Fifth Republic, through the parliamentary restructuring and a wide range of effective means, allowed the government to "protect" its draft finance bills throughout the parliamentary debate process. It armed the government with the means to counteract Parliament. The majority aspect also contributed to this reform of parliamentary oversight of public finance. Parliament was equipped with new control mechanisms, like the new Mission d'évaluation et de contrôle (Assessment and Monitoring Mission) and, more recently, the Comité d'évaluation des politiques publiques (Public Policy Assessment Committee). In addition, it now benefited from the assistance of the Court of Audit. These innovative institutions would only enhance Parliament's role if, on the one hand, they provided additional expert resources that could render the oversight task more effective, and on the other, members of Parliament demonstrated a real willingness to use them. However, due to the complexity of the subject matter, the volume of documents to examine, and concerns surrounding the renewal of their political mandate, members of Parliament were not necessarily particularly invested in overseeing public finances.

Political Basis for Parliament's Budgetary Powers

The Constitution of October 4, 1958, states that "Finance Acts shall determine the revenue and expenditure of the State in the conditions and with the reservations provided by an Institutional Act" (Article 34), and that "Parliament shall pass Finance Bills in the manner provided by an Institutional Act" (Article 47). The organic law took the shape of an ordinance passing an organic budget law on January 2, 1959, issued by the Council of Ministers on the Council of State's advice and legally backed by Article 92 of the Constitution. This text, drafted in secret in the offices of the Ministry of Finance, was not submitted to Parliament for debate or subjected to any constitutional oversight measures. Certain members of Parliament protested that the organic law restricted Parliament's rights in ways that were not intended in the Constitution. In their eyes, the government had committed a "real misappropriation of power" (J. Moliner) especially since the text had not been submitted to the Constitutional Council.

This Ordinance, which was aligned with the new principles of the parliamentary system, was remarkably long-lived. It was only replaced recently with the new Organic Law of 2001, which was implemented in 2006. Although the subject of forty or so proposed reforms, it was only amended twice: on June 22, 1971, on the Senate's initiative, and on December 16, 1995, on the government's initiative (L. Tallineau, 2001).

From the start of the Fifth Republic, parliamentary oversight of public finance has been closely monitored through every phase of the budgetary process. While Parliament has the means to track the budget, its powers are relatively weak. Certainly, the finance committee plays a major role, and the rapporteurs of the various ministerial budgets can track credits and present their reports during the examination of the budget bill. The special rapporteurs of the finance committee enjoy broad investigative powers throughout the budgetary process. They can send questionnaires to the administrative offices involved, who tend to reply as late as they can, despite the Ministry of Finance's authority. They can also hold meetings, create informal missions, and perform document and on-site checks. Members of Parliament also have other options for exercising control. They can appoint commissions of investigation or inquiry, which report on a particular public finance issue, conduct missions allowing them to carry out in-depth work without the drawbacks of committee proceedings or public sessions, and create delegations with a specific oversight mission. The assemblies' finance committees benefit from other sources of information, in particular through their ties with the Court of Audit. The chair of the Court of Audit can communicate directly with the finance committees and their rapporteurs. The committees can request information directly from the Court, particularly the information gathered by the Court's rapporteurs during its scrutiny of the budget's execution. However, the strict constitutional control of Parliament's powers, the fact that it does not have its own financial expertise, and the consequences of a majority government serve to limit parliamentary oversight.

With regard to the 1959 Ordinance, Parliament was provided with an opportunity to examine and assess the effectiveness of the implementation of the budget act. The Ordinance states that "the budget settlement act reviews the financial results for each calendar year, and approves any discrepancies between actual and forecast results in the annual budget bill, complemented when necessary by remedial budget legislation" (translated from the French). The information available includes budgetary revenues and expenses, potential adjustments of outstanding credits that had not been approved previously, and a summary of results for all activities carried out under the budget act, as well as the operations of the Treasury (L. Saïdj, 1995). The budget settlement draft bill is prepared by the government, with the cooperation of the Court of Audit and includes various appendices, including the Court's report on the budget acts and the general declaration of compliance between the individual accounts of the ministries.

In theory, debating and voting on budget law and overseeing its implementation fall within the scope of parliamentary activities. However, parliamentary oversight in this area was rather weak, according to members of Parliament. The reasons for this weakness, put forward by a member of Parliament, are numerous (J.M. Belorgey. *Le Parlement à refaire*. Paris, PUF, 1991). First, "the budget, when it arrives before the assemblies, after nine months or so of programming by the executive branch (three months—January to March—of structuring projections, six months—April to September—of development, budgetary conferences and decisioning), is basically 'wrapped up;' there is only very limited room to maneuver when it comes to

making any changes to it." Next, "the considerable documentation made available to members of Parliament is obviously a challenge to digest, which means that, for those who receive it late in the game, this information is useless prior to the debate on the bill and the vote. In any case, this documentation does not contain any precise information on the use of credits allocated to the various ministerial departments." Lastly, "despite concerted efforts by several generations of finance committee chairs and general rapporteurs, and by their colleagues the special rapporteurs, or the advice of the majority or the opposition, it is often still difficult for Parliament to assess the scope of budgetary developments, the government's sincerity, the implementation of the previous budget, and the presentation of the upcoming budget".

One member of Parliament, a former budget minister (A. Lambert, 2014). referred specifically to "weak budgetary oversight and chronic under-budgeting," "imprecise management instruments" and an inadequate rendition of accounts. He noted that "France is one of the rare countries where the preliminary budget bill continues to be voted on, based on simple projections, while the examination of the budget settlement bill receives so little time... As absurd as it might seem, in countries where the examination of the preliminary budget bill takes up several months of Parliamentary discussions, the examination of the settlement bill, which should be the key instrument for managing public finances, only takes up a few hours of time." Lastly, another member of Parliament (J. J. Urvoas and M. Alexandre, 2012), notes that "if the obligation to render accounts is, along with transparency, one of the two conditions under which a democratic system of government exists," this function is the responsibility of Parliament, as it is the body which represents the people. However, he notes that "Parliament's mandate to oversee government action was not mentioned in basic law, except on a sectoral basis," and "Parliament's capacity to oversee the government remains highly hypothetical" (*all quotes translated from the French*).

These accounts confirm the points made by an expert in public finance law (P. Herzog, 1996), that "Parliament is no longer the place where financial legislation is written, nor the place where budget content is decided. While this was never completely the case, it has certainly been more so in the past" (*translated from the French*).

Managerial Basis for Parliament's Budgetary Powers

France's adoption of a new budget act, the Loi organique des lois de finances (LOLF), on April 1, 2001, and its enactment on January 1, 2006, put a definitive end to the Ordinance of 1959. This reform introduced a new budgetary and accounting model, which involved a new approach to public management. There are three broad goals within the LOLF: to increase the efficiency of government administrators by giving them greater freedom; to redefine the roles of Parliament and the government with regard to budgetary process and oversight of public finance through the increased involvement of the two assemblies; and to increase transparency by providing citizens with a better understanding of how public services are run. Through increased information, LOLF sought to redefine Parliament's role on three levels.

First, the drafting and presentation of the budget act would now involve the submission of comprehensive documentation to Parliament (debates on budgetary guidelines, the annual performance project, and the annual performance report). Second, Parliament would have an increased involvement in the execution of the

budget, by means of information proceedings or recommendations issued by parliamentary finance committees. And third, the budget settlement act, which closes the fiscal year, would now be accompanied by the government's general account.

Opinions on this reform converge. For senior public finance officials, the LOLF "reflects a strong political commitment," given that, as we are told, "it was initiated and drafted by Parliament in cooperation with the government" and "adopted in the context of a political consensus rarely seen under the Fifth Republic" (F. Mordacq, 2006). For the experts of the Conseil d'analyse économique or Economic Analysis Council, "it is the fruit of a broad consensus between left and right, rare enough...to warrant emphasis" (C. de Boissieu). However, given its time and context, it seems rather to be an initiative stemming from the "neo-liberal movement" of the 1980s and 1990s (B. Jobert, 1994) and it bears the mark and influence of the learned community formed by experts from the OECD, major international financial organizations, and the finance industry. It drew inspiration from similar reforms in numerous countries, particularly those of Anglo-Saxon tradition (H. Guillaume, 2002).

The LOLF is well-aligned with the principles of the Fifth Republic, as it in no way questions the government's precedence throughout the budgetary cycle. The rebalancing of powers essentially consists of clarifying their respective roles: for the government, lawmaking powers and management, i.e., the construction of the budget and its execution, and for the parliament, powers of authorization and oversight" (A. Lambert). The executive branch maintains its dominant role in budgetary matters, and Parliament continues to approve the budget and oversee its implementation. This begs the question as to the LOLF's real contribution, particularly in the area of the budget and oversight of public finance by Parliament. Can it be said to have effectively strengthened or improved these two functions of Parliament, particularly its oversight capacity, or reaffirmed their value?

The LOLF improved the legibility of the budget act by creating a new budgetary framework. It grouped together budgetary credits by 'mission' (which includes all the programmes relating to a given public policy) attached to one or more departments or ministries. Members of Parliament may adjust the allocation of resources between the different programmes under a single mission. With this restructuring of the budget, more information is provided and the budget is easier to read. The principle of sincerity dictates that the budget act must present all of the government's resources and burdens, without overestimating or underestimating. In other words, Parliament must have access to the information necessary to debate the appropriateness of public policy and the outcome of budgetary choices, and to exercise its right to rule on the credit amounts submitted to it for a vote. The Constitution also provides the government with the means to restrict Parliament's budgetary powers in two ways: on the one hand, it imposes very strict deadlines, and on the other, Parliament's right to amend draft budget bills is highly regulated. The government may also accelerate the budgetary process by means of a blocked vote (Article 44-3) or the adoption of a bill without parliamentary vote (Article 49-3). Both these processes deprive Parliament of its right to debate the draft budget bill.

The LOLF renewed parliamentary oversight by enhancing information and reforming the budget settlement act. The committees of the National Assembly and the Senate monitor and oversee the enactment of the budget act and evaluate any issues relating to public finance. This mission is conferred on the committee chair, general rapporteur, and, according to their field of expertise, special rapporteurs. These rapporteurs can conduct inquiries by checking documents and investigating on site, and gather information on the government's financial situation. They may directly question the minister responsible for the budget, call upon public forecasting organizations and request the assistance of the Court of Audit. Attached to the finance committees of the National Assembly and the Senate, the Mission d'évaluation et de contrôle or Evaluation and Oversight Mission (MEC), plays a specialized role, preparing reports on a wide range of topics.

The settlement bill is a means by which Parliament can examine documents, operations and results further to the execution of the budget act, and identify areas to improve and clarify budgetary programming for the year to come. It settles the amounts of revenues and expenses contained in the budget it is reporting on, as well as the results that stem from them. It brings to light any discrepancies between projections and actual results. The LOLF lists the documents that must be included with the budget settlement draft bill. These include annual performance reports (RAP), which show how credits have been managed and present the results obtained by administrators based on performance objectives established in annual performance plans. The budget settlement act is a means by which Parliament can oversee the performance of the public sector. The second required document is a presentation of the accounts of the three accounting offices (budget, general, and cost analysis), so that the status and quality of the government's accounts can be examined and assessed. Last, the government's general accounts, including its trial balance sheet, profit and loss account, and statement of account, allows for a better understanding of the government's financial situation. The Court of Audit plays a critical role in this regard. It produces a report on the draft settlement bill which reveals any irregularities it has identified and which is the basis for discussion by members of Parliament. Once the compliance, sincerity and consistency of the government's accounts has been certified, this document is attached to the draft settlement bill which accompanies the report detailing the verifications that have been performed.

Despite their powers of inquiry and oversight of the government's actions, the finance committees are not immune to the effect of a majority, which makes the mission of the special rapporteurs a delicate one, particularly if they belong to the majority. Conversely, given the unequal distribution of budgetary and financial expertise between the executive branch and the Court on the one hand, and Parliament on the other, means that the latter is dependent on the other two institutions for information and assistance. This lack of highly developed, independent expertise in budgetary and financial matters prevents Parliament from exercising its full capacity to oversee public finances. If it were to bolster its oversight capacity, it would have to possess its own competence, or at least, be able to provide an educated second opinion. While Parliament can certainly request the assistance of the Court, this places Parliament in the position of being an assisted institution. However, this erosion of Parliament's authority to oversee public finances should also be tied into a more generalized "Europeanization" of public policy, and, in particular, of public finance policy.

The Europeanization of Oversight of Public Finance

In the past, budgetary policy was implemented without institutional constraints. There were no standards in place regulating the balancing of the budget, public expenses, debt, or deficits, and governments were free to set objectives based on the political circumstances and context of the day. The European Union only really impinged on the national sovereignty of its member countries through indirect taxation. Now, establishing budgetary policy no longer falls under the individual nation's jurisdiction. Indeed, in light of the European treaties (the Maastricht Treaty signed on February 7, 1992, and effective January 1, 1999, Treaty of Amsterdam on October 2, 1997, and effective May 1, 1999, the Treaty of Nice, signed on February 26, 2001, and effective February 1, 2003), the Stability and Growth Pact of 2011, and the European Fiscal Compact of January 2013, French public finances must be managed with a focus on sustainability.

These agreements have considerably strengthened the European Union's authority over its members' budgetary policy. In concrete terms, the European Union imposes a strict budgetary discipline on its members, based on two criteria: the public deficit (government, territorial authorities, social security) must not exceed 3% of the GDP; and public debt (government, territorial authorities, social security) must not exceed 60% of GDP.

Initially, it became necessary to regulate and restructure the numerous different budgetary policies involved, which were still relatively well-defined on a national level. This need was due in part to inadequate market regulation, as well as the need for countries to adopt sufficiently cohesive budgetary policies to ensure the economic stability of the Eurozone. Initially, these two criteria were only established as convergence criteria so as not to discourage countries that already met them from joining the European Union. In the wake of the sovereign debt crises suffered by certain Eurozone countries, governments put measures in place to enforce budgetary discipline and reform public finance. European decisions taken in 1997 helped to strengthen the European Union's authority over the budgetary policy of member states.[6]

---

[6] These included: the Resolution of the Amsterdam European Council of June 17, 1997, which is a political agreement; - Regulation No. 1466/97, on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, intended to prevent budgetary mismanagement by member states; Regulation No. 1467/97, on speeding up and clarifying the implementation of the excessive deficit procedure, which imposes sanctions on member states failing to meet the 3% target; the Stability and Growth Pact, which groups together the above texts, strengthened economic governance, i.e., oversight of budgetary discipline and macro-economic imbalances, and imposed requirements on governments with the implementation of a procedure for monitoring public deficit, with the result that under the Pact, Eurozone countries must present a three-year Stability Programme, which must be updated every year and contain the government's medium-term budget objectives and that each year, in March, the Commission determines whether a member state has failed to meet the 3% deficit target. The government in question is given nine months to remedy the situation. The Council also issues a recommendation to the member state, requesting that it reduce its deficit. If the member state succeeds in doing so, the recommendation is revoked. However, should the member state fail to reduce its deficit, the Council may make its recommendation public and issue a formal notice to the state, requiring that the deficit be reduced by a given deadline, after which time it may impose a penalty (a fine of up to 0.5% of the country's GDP). This could have major consequences for a country in economic difficulty. In practice, this process has never reached the penalty stage, despite the fact that a number of countries regularly exceed the 3% threshold. When, in 2003, the Commission initiated this process against Germany and France, the two major founding countries of the Eurozone, due to their excessive deficits, the Council of Ministers chose to suspend the application of the Stability and Growth Pact on November 25, 2003, which reflects the difficulties and flaws involved in regulating budgetary compliance. France and Germany also managed to avoid the requirement regarding their medium-term budget objectives thanks to excessively optimistic macro-economic forecasts. In 2005, the Stability and Growth Pact of 1997 was reviewed and its rules were eased.

The new budgetary regulations contained in the Stability and Growth Pact of 2005 were gradually introduced into French law. The first step involved the constitutional reform of July 23, 2008. Further to parliamentary debate, an amendment resulted in the redrafting of the final paragraph of Article 34 of the Constitution which now reads: "The multiannual guidelines for public finances shall be established by Programming Acts. They shall be part of the objective of balanced accounts for public administrations." This reform introduced the principle of balancing public accounts into budgetary law, as well as the obligation to adopt multiannual budgets, voted by Parliament. However, these provisions are not restrictive in terms of budgetary discipline. Balancing the budget is presented as a target, and no fixed timeframe for achieving it is mentioned. In fact, the public finance programming laws are not legally enforceable. They are merely guidelines, and, consequently, not binding to Parliament during its annual budget vote.

The economic crisis of 2008 worsened government deficits and had an impact on the budgetary situations of European Union members. It led to a consolidation of the EU's power through a series of acts. As soon as 2008 was over, the Stability and Growth Pact was suspended, and the Commission decided that member states could exceed the 3% threshold in 2009 and 2010 without being subject to the excessive deficit procedure. However, in 2010, a measure called the European Semester was implemented, enforcing the Stability and Growth Pact and reversing the economic and fiscal policy coordination schedule to ensure European coordination preceded national decision-making. In 2011, the Stability and Growth Pact was strengthened. In particular, national budgetary guidelines would now be discussed in Brussels during the European Semester cycle. In 2013 certain budgetary regulations were revised and a new Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG), known as the Fiscal Compact, was signed. This new treaty did not challenge the Stability and Growth Pact of 1997, which had already been revised in 2005, but rather updated it and fleshed it out. The TSCG established a number of regulations, namely that the national budget must be presented in balance or surplus; a structural deficit must not exceed 0.5% of GDP as set out in the country-specific medium-term budgetary objective (there are two exceptions to this rule: exceptional circumstances outside a government's control, or states with debt levels within the 60%-limit, for which a structural deficit of 1.0% of GDP is acceptable), that each state is required to ensure rapid convergence toward its medium-term objective; corrective measures are automatically imposed when the 0.5% threshold is exceeded, and that when a deficit exceeds 3% of the GDP, penalties are virtually automatic.

This new treaty led to the implementation of a second phase. The text was transposed into French law through the Organic Law on the Programming and Governance of Public Finance of December 17, 2012. The main provisions of the Organic Law implemented the provisions of the TSCG[7] and established an Haut conseil des finances publiques, or High Council on Public Finance, independent of political decision-makers and presided over by the First Chair of the Court of Audit.

---

[7] It incorporates the provisions of the Constitutional Law of July 23, 2008, relating to public finance programming and the balancing of public accounts. It clearly defines the principle of budgetary balance. Public accounts are considered to be balanced even in the case of structural imbalance. The structural balance is defined as the budget balance that has been cyclically adjusted by means of ad hoc, temporary measures. And it establishes a corrective mechanism. This mechanism is applied in the case of a major discrepancy between the multiannual guidelines for structural balance set out in the public finance programme legislation and the budgetary results of the past year. A discrepancy is considered significant if it amounts to at least 0.5% of the GDP for a given year, or at least 0.25% of the GDP per year over two consecutive years. In such a case, the government must take it into account when drafting the subsequent year's budget bill.

French budgetary regulations are not intended to be restrictive, but rather to lay down provisions of principle. It refers to the balancing of accounts for public administrations as an objective. Unlike the regulations adopted by Germany and Spain, the French budgetary framework does not set a time limit for the balancing of public accounts. Rather, it can be seen as a rule of engagement which requires political decision-makers to commit to a budgetary strategy with detailed objectives. The High Council on Public Finance was appointed to ensure the reliability of the macro-economic forecasts used by the government when establishing this budgetary strategy. Its role is to issue an advisory opinion on the macro-economic forecasts used to draft the annual finance bills.

The various stability pacts, by introducing a stricter budgetary oversight within the European Union, considerably restricted the budgetary leeway enjoyed by member states. The European Commission and Council strengthened their powers of oversight based on shared budgetary requirements, and imposed budgetary discipline on state members. However, these European budgetary reforms are neither sufficiently strict, nor adequately enforced (P. Bofinder and S. Ried, 2011). These rules and procedures, which have been systematically reviewed and strengthened, appear inadequate and difficult to apply in such a way as to achieve the desired results (B. Chevauchez, January 2011).

Conclusions

This chapter provided an overview and discussion of the socio-historical and socio-political factors that have informed the parliamentary oversight of public finance. It shows how France is a country that never constructed a historical, political support structure for monitoring and overseeing public finances. While Parliament has progressively accumulated a wide range of budgetary powers, it has never used them fully or effectively. Constitutional texts established procedures regulating Parliament’s oversight capacities, thus ensuring the executive branch’s dominance over the legislative branch. This dominance by the executive branch is also reflected in its willingness to sidestep the formal rules of parliamentary oversight through the invention of extra budgetary funds and procedures. This has led to a profound rift between the codified rules, where they exist, and the practices that effectively regulate budgetary procedures.

Neither Europeanization nor the budgetary reform of 2001 were able to strengthen or modernize this function. On the contrary, Europeanization can be seen as a shared process of denationalizing, “deparliamentarizing” and democratizing the oversight of public finance. It divests national parliaments of their authority—not in favour of European Parliament, but rather of the European Commission. Thus, it creates a disconnect between Parliament and the People. The Organic Law governing public finance is often presented as having played a key role in strengthening and modernizing Parliament, particularly by providing Parliament with access to information through budget documents, annual performance reports and the Court of Audit’s reports. It remains unclear to what degree this reform actually strengthened Parliament’s oversight capacities. There is no evidence that financial results and information on costs is systematically used by members of Parliament during the scrutiny process, as reflected in the high rates of absenteeism during debates on the budget settlement bill. In conclusion, while Parliament today is still an unquestionably democratic institution, it has no real sovereignty when it comes to budgetary matters.

Timeline of the Evolution of Parliamentary Oversight of Public Finance in France

1789 Constitutional Monarchy begins

Declaration of the Rights of Man and of the Citizen

1791 Constitution sets out National Assembly's prerogatives

1792 The fall of the Monarchy and the advent of the First Republic

1793 Constitution with fundamentals of democracy

1795 Fall of the First Republic and beginning of The Directory

1799 Fall of Directory beginning of Consulate regime

1804 Fall of Consulate rise of First Empire

1807 Committee of Accounts becomes Court of Audit

1814 Fall of First Empire and parliament rise of Restoration

1814 Constitution of 1814

1815 Constitution of 1815

1816 Inspectorate of Finances

1830 Fall of the Restoration rise of July Monarchy

Constitutional Charter

1848 Fall of July Monarchy rise of Second Republic

1852 Constitution includes budget voting by ministry

Fall of Second Republic rise of Second Empire

1869 Legislative body and senate rights extended

1870 Fall of Second Empire rise of Third Republic

1875 Constitutional Laws support Republican and July Monarchy led parliament

1876 Bicameral legislative activity

1910 Parliamentary reform —committees

1930 Parliamentary deadlocks

Reform strengthens executive, weakens parliament

1914 Great War —parliament regains central role

1946 Constitution

1947 Constitution with Article 17, no budget increase during budget debate

1956 State budget presentation decree

1958 Constitution Article 34 & 47 —parliament pass Finance Bills

1959 Organic law as ordinance

1992 Maastricht Treaty signed beginning EU formation

1999 European Union

2001 Organic Law —govt. can redefine parliament in budget/increase transparency

2005 Stability and Growth Pact —balanced account in public law

2008 Stability and Growth Pact suspended

Economic crisis

2010 European Semester —stability and growth pact

2011 Stability and Growth Pact

2012 Organic Law on the Programming and Governance of Public Finance

2013 European Fiscal Compact

Fiscal Compact/TSCG signed

List of References

Agulhon, Maurice. 1848, ou, L'apprentissage de la République: 1848-1852. Vol. 8. Seuil, 1992.

Art. 1, Item 3, Chap. III, Sect.1. (English translation from http://avalon.law.yale.edu/18th_century/rightsof.asp).

Basso, J. and J.M. Rainaud. "Le décret organique du 19 juin 1956 déterminant le mode de présentation du budget de l'Etat," in H. Asaia and J. Spindler (Dir), Histoire du droit des finances publiques, op.cit.

Baudu, A.. Contribution à l'étude du pouvoir budgétaire du parlement en France. Eclairage historique et perspectives d'évolution. Paris, PUF, 2010.

Belorgey, Jean Michel. Le Parlement à refaire. Paris, PUF, 1991.

Bergeron, Louis. L'épisode napoléonien. I. Aspects intérieurs, 1799-1815. Paris, Seuil, 1972.

Berstein, Serge. La démocratie libérale. Paris, PUF, 1998.

Bofinger, Peter, and Stefan Ried. "Un nouveau dispositif d'assainissement budgétaire en Europe." Revue de l'OFCE 1 (2011): 277-290.

Boudon, Jacques-Olivier. Citoyenneté, République et Démocratie en France: 1789-1899. Armand Colin, 2014.

Bouhadana, Irène. "Les commissions des finances des assemblées parlementaires en France: origines, évolutions et enjeux." PhD diss., Paris 1, 2006.

Bouloiseau, Marc. Nouvelle histoire de la France contemporaine: La République jacobine: 10 août 1792-9 thermidor an II. Vol. 2. Seuil, 1972.

Camby, J. P and Servant, P. Le travail parlementaire sous la cinquième République. Paris, Montchrestien, 1992.

Chevauchez, Benoît. "La crise et les règles françaises de gouvernance des finances publiques." Revue de l'OFCE 1 (2011): 291-311.

Garrigues, Jean. Histoire du Parlement: de 1789 à nos jours. Armand Colin, 2007.

Glineur, C. La reddition des comptes de l'Ancien Régime sous la Monarchie constitutionnelle (1789-1792), in A. Dubet and M.L Legay (Dir). La comptabilité publique en Europe, 1500-1850. Rennes, presses universitaires, 2011.

Guillaume, Henri, Guillaume Dureau, Franck Silvent, Alain Lambert, and Didier Migaud. Gestion publique: l'Etat et la Performance. Presses de Sciences Po, 2002.

Hertzog, Robert. “La loi organique relative aux lois de finances (LOLF) dans l’histoire des grands textes budgétaires: continuité et innovation.” Revue française d’administration publique 1 (2006): 15-30.

Jardin, André, and André Jean Tudesq. La France des notables. Vol. 1. Éditions du Seuil, 1973.

Jobert, Bruno. Le tournant néo-libéral en Europe. Editions L’Harmattan, 1994.

S. Kott. Le système financier de la Restauration, entre rénovation et révolution, in A. Dubet and M.L. Legay (Dir), La comptabilité publique en Europe.

Lambert, A.. Les déficits publics. La démocratie en danger. Paris, Armand Colin, 2014.

Maus, Didier. “Le Parlement et les cohabitations.” Pouvoirs 91 (1999): 71-81.

Mordacq, Frank. La LOLF: un nouveau cadre budgétaire pour réformer l’état. LGDJ, 2006.

Melonio, Françoise. “P. Rosanvallon: L’État en France de 1789 à nos jours.” Revue française de science politique 41, no. 1 (1991): 97-98.

Rémond, René. La vie politique en France depuis 1789. 1. 1789-1848. Colin, 1965.

Saidj, L. “La loi de reglement et le deceloppement du controle parlementaire de la Restauration a nos jours.” Revue Francaise de Finances Publiques 51 (1995): 172-173.

Stourm, René. Les finances de l’ancien régime et de la révolution: origines du système financier actuel. Vol. 1. Guillaumin et cie, 1885.

Stourm, René, and Frederick Albert Cleveland. The budget. No. 2. D. Appleton, 1917.

Tallineau, Lucile. “Quarante ans de propositions de réformes de l’ordonnance du 2 janvier 1959.” Revue française de finances publiques. January 2001, n° 73.

Urvoas, Jean-Jacques, and Magali Alexandre. Manuel de survie à l’Assemblée nationale: L’art de la guérilla parlementaire. Odile Jacob, 2012.

Woronoff, Denis. La Republique bourgeoise de thermidor á brumaire 1794-1799. Éditions du Seuil, 1972.

Chapter 4

Budgeting in Francophone Africa: Divergences from the Original French Model

Ian Lienert

Introduction

This chapter examines the extent to which the traditional "French system" of public finance still has an influence in francophone Africa.

There are considerable challenges in undertaking this study. First, the "French system" of national budget and public financial management (PFM) has been evolving over centuries. Is it possible to pinpoint a start date? For the purposes of this chapter, the "traditional" system of budget management and PFM is that which prevailed in France at the start of the Fifth French Republic, i.e., 1958-1962 (see Chapter 3). This period is chosen because it was around this time that French colonial administration was ending in Africa and new independent francophone countries were being established in sub-Saharan Africa.

Second, since France's own budget system is continuing to evolve, is it even possible to pinpoint a "traditional" budget and PFM system when systemic modifications are being made on an ongoing basis? Fortunately, in the case of France, after the adoption of the 1959 Organic Budget Law (OBL),[1] there was a long period of stability in its budget management system. During 1960-2000 there were over 30 unsuccessful attempts to change the 1959 OBL. It was not until 2005 that it was repealed (following the adoption the LOLF in 2001). Given the durability of the 1959 OBL, it is appropriate to use France's 1958-2005 budgeting system as a reference.

Third, is it then possible to identify "distinctly French" features of budget management? The answer is "yes", mainly because France's traditional budget management system was based on a unique and solid legal framework, notably the 1958 Constitution, the 1959 OBL and the 1962 Public Accounting Regulations. These legal texts contain a number of unique features not found in other European countries' legal framework for budgeting.

Previous comparative research indicates that in terms of the legal setting, rules, and procedures, francophone African countries' budgets and PFM systems are very similar to those of France.[2] Moussa (2004) observes that the way the two systems operate in France and francophone Africa differs considerably. Also, the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary

[1] Strictly speaking, France's 1959 OBL was an *Ordonnance* approved by the Government under constitutional arrangements. Its successor, the *Loi organique relative aux lois de finances*—LOLF, was adopted in 2001.
[2] In the overall "similarity index" of Moussa's study, all 12 francophone African countries were in the relatively narrow range of 0.55 to 0.70.

Community (CAEMC) have encouraged their member countries to adopt a new and standardized Organic Budget Law, continuing a practice previously fulfilled by French advisors in francophone African countries during the initial post-colonial years. For these reasons, in this Chapter, the sub-Saharan francophone countries, notably the 14 member States of WAEMU/CAEMC, are treated as a group.

This chapter focuses on the influence of France's budget system -- practiced for over 45 years until 2005 – in francophone African countries (described in Mathis, 2012). Since 2005, France has implemented a program-based annual central government budget that is consistent with fiscal objectives laid out in a medium-term budget framework (MTBF). These, and other budget reforms included in France's 2001 LOLF, have had considerable recent influence on OBLs adopted in francophone Africa.[3] This chapter does not consider these relatively recent reforms in both France and francophone Africa, as, especially in the latter, they are still evolving.

With this background, this chapter has two main objectives, notably to examine:

- Key features of France's "traditional" budget system that was practiced during 1960-2005.
- The extent to which the budget and PFM systems of francophone Africa replicated, or diverged away from, France's traditional budget model.

The following 12 sub-sections describe specific institutional features of France's pre-2006 budget and PFM systems, especially those incorporated in its legal framework (section 1). All major areas of the budget cycle are covered: the annual budget's framework, comprehensiveness, and fiscal rules (sections 2 and 3); parliament's budget adoption procedures and amendment powers (sections 4 and 5); budget execution and in-year expenditure control (sections 6 and 7); government banking and accounting arrangements (sections 8 and 9) budget execution law and external audit (sections 10 and 11); and budget oversight bodies (section 12). Annex 1 contains the list of 75 questions pertaining to the institutional arrangements for the budget, accounting and audit systems, which is used for constructing the charts in this chapter and in Chapter 7. Annex 2 describes how Figure 1 (and also Figure 2 of Chapter 7) was constructed.

Legal framework for budgeting

France's 1958 Constitution states that the duties of Government members are incompatible with those of Parliament. France's Constitution refers to a Supreme Audit Institution (SAI). Many (but not all) francophone African countries' constitutions have similar provisions on both of these issues. For example, their constitutions include a phrase similar to that of France regarding the SAI, notably that the Court of Accounts shall assist Parliament and the Government in the oversight of annual budget execution.

---

[3] See Imbert (2013) and Ketchekmen (2011) for the various PFM reforms being adopted in WAEMU and CAEMC countries respectively. These presentations include a summary of the main contents of the Directive pertaining to a model OBL. In the two zones, the two model OBLs, are very similar. Progress in implementing new OBLs in the 14 countries was slower than anticipated. For example, in 2014, the Parliaments of 6 of the 8 WAEMU countries had adopted new OBLs (the original deadline for all 8 countries was 2012). See Imbert (2014).

France's 1958 Constitution (Articles 20, 49) specifies that it is the Government (not Parliament) that determines national policies and implements them. France's Constitution also identifies subject areas, including for the national budget system, where an "organic law" must provide the legal framework. In organic laws, the parliamentary adoption procedure follows constitutional constraints that do not apply to ordinary laws. Such constitutional provisions are also found in francophone African countries.

In France and francophone Africa, the Organic Budget Law (OBL) applies to three annual "budget finance acts": (1) the initial annual budget law; (2) the supplementary budget law; and (3) the annual budget execution law, which shows revenue and spending outcomes relative to those adopted in the initial budget law.

The OBLs of francophone African countries require that annual budget laws include both revenues and expenditures, as in France. This contrasts with countries where spending is approved by Appropriation Laws and changes in revenue policies are made by parliament by changing revenue laws separately.[4]

Budget comprehensiveness

Although France has long embraced the principle of universality, the legal framework for the annual budget law is limited to central government (or "State") revenues, expenditures and financing. To make the annual "State" (central government) budget as comprehensive as possible, the annual budget law traditionally included the revenues and expenditures of autonomous government agencies of a commercial nature in budget annexes and many Special Treasury Accounts (STAs), but not extra-budgetary funds. The number of STAs exceeded 400 in 1947 but their number subsequently diminished, in part because the 1959 OBL required that their revenues and spending be included in annual budget laws.

Although the principle of universality (for central government) was upheld in the 1959 OBL —including the requirement for all budgetary revenues and expenditures to be recorded on a gross basis, not a net basis—the law included some exceptions.[5] For the budget annexes and STAs, revenues could be retained and spent by the entity, without ex ante parliamentary approval.

The 1959 OBL did not provide specific provision for revenues collected above those of the approved initial budget estimates. In practice, the Government spent excess revenues or reduced taxes without first consulting Parliament. However, ex post parliamentary approval was required by the OBL, through the adoption of a supplementary budget law.[6] Also, the 1959 OBL (Article 15) required various public entities[7] to

[4] In France and francophone countries, the annual budget law is used to make amendments in specific articles of revenue laws (e.g., the tax and/or customs codes).

[5] Senate (2000) highlights areas where the legal framework needed to re-establish the principle of universality of budget spending, including for *fonds de concours* and EU funding (under the 1959 OBL it was optional to include monetary transactions with foreign governments in the annual budget). The 2001 LOLF closed such loopholes.

[6] In 1999, the French government benefitted from higher-than-estimated revenues, leading opponents and the Senate to take the view that the government had deliberately under-estimated revenues in order to hide a jackpot whose size kept on increasing every time the government spoke on the issue (*affaire de la cagnotte*). Although the government indeed used the excess revenues to raise spending and reduce various taxes (including the VAT tax rate), the NA approved of these actions ex post, via a supplementary budget (*collectif budgétaire*).

[7] These included the CCP postal bank, the CEP savings bank, the *Caisse des Dépôts et Consignations* (a large public sector financial

place all of their deposits at the National Treasury, thereby providing additional budget financing if the entity (the *correspondant de trésor*) was in a surplus. Finally, France's Parliament has approved various extra-budgetary funds, including Social Security (SS). However, prior to the adoption of an Organic Law pertaining to SS funds in1996, France's Parliament did not approve the annual financing of SS funds.

Francophone African countries' OBLs generally include the above provisions. As in France, the annual budget law is confined to central government revenues, expenditures and financing. Their OBLs contain several articles referring to "budget annexes" and various categories of STAs, which are in addition to the "general budget". These francophone countries have, as in France, requirements of public entities to place deposits with the National Treasury (the operation of this circuit du Trésor is described in Bouley et al, 2002). Francophone African countries' extra-budgetary funds are generally confined to civil servants' pensions and the activities of public establishments of administrative or commercial character, rather than SS Funds of the type found in France. The parliaments of francophone African countries were generally not provided with information on these SS Funds; nor did they approve the estimates of annual revenues and expenditures of the funds.

Traditional budget framework and fiscal rules[8]

France's 1959 OBL required a classification of all budget resources (taxes, non-tax revenues and borrowings) and all budget spending inclusive of loan reimbursements. Each ministry's budgeted spending had to show current and capital expenditures – in total and with the sub-categories that were specified in the OBL. One exception to the "principle of specialization of spending" was the 1959 OBL authorization of an unallocated budget provision for unforeseen and accidental expenditures in annual budgets. Such provisions were embodied in the OBLs of francophone African countries.

France's 1959 OBL required the annual budget to distinguish between spending on existing policies and spending on new policies. Until recent reforms of OBLs in the francophone African countries, the earlier OBLs were aligned to those of France.

Regarding fiscal rules for central or consolidated administrations, neither France's 1959 OBL nor those of francophone African countries included any fiscal rules (permanent limitations) on total spending, debt or the budget balance. The debt and deficit rules prevailing today have been imposed by supranational organizations – the European Union (EU) and WAEMU/CAEMC Commission respectively.

For local government debt and borrowing, France's legal framework includes a "golden rule" for local governments: borrowing is only permitted for investment purposes. Similarly provisions are found in local government laws of francophone African countries.

---

institution), all local governments, the CNSS (social security funds), local governments, universities, public high schools and hospitals see footnote 29, Bouley et al, 2002).

[8] This chapter does not focus on France's modernized budget system, which requires a medium-term perspective on budget strategy, projections, and policies. Nor does it discuss other "modern" issues such as the pre-budget orientation debate and the program/performance budgeting approach, the improvements in budget documentation, and EU-recommended fiscal rules and budget reforms.

Parliamentary annual budget adoption

France's 1958 Constitution is unique amongst OECD countries in that it specifies a 70-day maximum time period for Parliament to make decisions on the draft annual budget law. To implement the Constitutional provisions, the 1959 OBL (and the 2001 LOLF) requires the draft annual budget law to be submitted to the NA on the first Tuesday of October of each year. These legally mandated delays provide parliament with nearly three months to consider and adopt the annual budget. France's Constitution (Article 47) also includes a provision for the adoption of a "reversionary budget" that would be adopted in the event that Parliament does not approve the annual budget law before the beginning of a new fiscal year. In this case, the French Government would, by decree, begin annual budget spending on the basis of the previous year's budget.

In francophone African countries' constitutions, there are similar provisions, although not necessarily identical. For example, Senegal's 1963 Constitution limits total parliamentary time of the annual budget to 60 (not 70) days, with 35 (not 40) days for the NA first reading prior to submission to the Senate for 12 (not 15) days of scrutiny.

France's 1959 OBL required parliament to approve the annual budget law in two stages.[9]

- *First stage*. All resources, inclusive of new borrowing, and all outlays, inclusive of debt reimbursements, are approved by Parliament. The budget is "balanced" in an accounting sense – there is no residual financing gap once new net borrowing is taken into account. At this stage, Parliament approves all major tax and other revenue estimates, as well as total expenditure, as shown in a table of (accounting) balance of revenues and expenditures.
- *Second stage*. Parliament approves the detailed appropriations (*crédits*) for spending.

To meet spending needs in annual budget laws, France's Parliament re-authorizes annual tax collection. It also amends tax laws via specific articles in the annual budget law[10]; the quantitative impact of tax changes helps balance the annual budget framework. In approving annual budget spending, Parliament approved ongoing spending for existing policies (representing over 90% of total budget spending) in a single block vote. Separate parliamentary votes focused exclusively on spending on new policies. Finally, for investment spending, the 1959 OBL provided for multi-year investment spending commitments to be approved by Parliament, in addition to the approval of annual cash spending limits for investment outlays.[11]

Francophone African countries' OBL and practices follow France's model in all of these areas. However, since 2010, francophone African countries have been adopting new OBLs that provide medium-term budget

---

[9]The two-stage adoption procedure is rigorously enforced. In Decision 79-100 DC of December 24, 1979, the Constitutional Council declared the annual budget law that had been adopted by Parliament to be unconstitutional, because the two-stage procedure had not been followed.

[10] In examining an annual budget law in one of these countries, an outsider could be astonished by the number of articles devoted to tax law changes.

[11]France's 2001 LOLF generalized parliamentary approval of spending commitments (*autorisation d'engagement*), which are shown alongside cash outlays (*crédits de paiement)* for all types of spending in each budget program.

frameworks, program-based budgeting, and the carry-over of expenditure, all closely aligned to France's budget reforms that were initially by the adoption of the LOLF in 2001.

Parliamentary amendment powers for the annual budget

France has a unique Constitutional constraint on parliamentary budget amendment power. Article 40 of the 1958 Constitution prevents Members of Parliament from proposing amendments that would diminish the government's estimates of total budget resources, raise any existing spending item or propose any new spending items. Resources include taxes, non-tax revenues and borrowing. Under the Constitutional constraint, the composition of revenues could be changed by parliament provided total revenues are not lowered. The 1959 OBL elaborated: any amendments that would result in lower revenues or the suppression of any taxes were proscribed. In the 1958 Constitution, the spending constraint is particularly restrictive. The composition of spending could only be changed by parliament if a line item were to be reduced; spending on a specific line item is not allowed to be increased, not even if offset by reducing spending elsewhere[12].

Although the Constitutions of many francophone African countries have replicated wording similar to France's Constitution's Article 40, some of these countries have added a phrase to their Constitutions to allow offsetting within spending. For example, the Constitutions of Côte d'Ivoire and Senegal also allow spending items – and total spending – to be increased by parliament provided there is an offsetting increase in revenues. The Constitution of Côte d'Ivoire, but not that of Senegal, also allows offsetting via reductions in other spending items.

Budget execution

In executing expenditures, France abides by the principle of the incompatibility of the budget authorizing officer (*Ordonnateur*) and the person responsible (the "public accountant") for cash payments. In colonial times, the resident French Governor was the unique *Ordonnateur* of the colony. In the 1960s, the principle of a unique *Ordannateur* was carried into newly independent francophone African countries. Regulations stipulated that only the Minister of Finance could authorize expenditure commitments and payment orders. In francophone African countries, this task was delegated to the Ministry of Finance – usually the Budget Department. In contrast, in France's 1962 Public Accounting Regulations, each Minister of the Government was assigned as the principal *Ordonnateur* for the spending of the ministry, a task that can be delegated within the spending ministry.[13]

For current spending of annual budget laws, France's 1959 OBL distinguished four main categories (Titles). The first Title was for salaries.[14] This categorization of spending was followed in francophone African countries.[15]

---

[12] Prior to adoption of the 2001 LOLF in France, the "line items" were the Titles (economic spending categories) of spending for each ministry and other administration units. Under the LOLF, following a decision of the Constitution Council, the Constitutional constraint applies to "*missions*", which means that "budget program" spending within a *mission* (broadly speaking an "outcome") can be re-allocated by parliamentary amendments.

[13] Recent reforms in francophone African countries have included delegation of the Ordonnateur function to managers of budget programs. There are important challenges in delegating this responsibility of spending ministries (AFRITAC West, 2016).

[14] Initially (i.e., in the 1959 OBL), the Title was for "salaries and materials": non-salary recurrent spending was not distinguished from

France's 1959 OBL included the principle of specialization of spending: each spending item was classified by a specific "chapter" and for a specific purpose. There was an exception, notably an on-budget reserve ("global appropriation") which was allocated by a decree issued by the Minister of Finance, as unforeseen spending needs arose. This centralization of the control of the contingency spending reserve under the Minister of Finance was replicated in francophone African countries.

For investment spending, the OBLs of France (1959) and francophone African countries distinguished commitment authorizations and cash disbursements. The former were unlimited in duration whereas the latter were limited to a 12-month validity. Annual budget laws approved multi-year commitments for investments and annual amounts for cash disbursements for investment projects.

France's 1959 OBL provided strong powers for the Minister of Finance, including the authority to issue decrees to cancel budget spending appropriations already approved by Parliament. These provisions were embedded in francophone African countries' OBLs.

In-year expenditure control

The early OBLs of France and francophone African countries distinguished "estimated" spending appropriations from "strictly upper limit" spending appropriations. The former may be exceeded when the assumptions underlying the annual budget projections do not materialize. A prominent example is interest on government debt, which, contractually, is always paid by the Ministry of Finance (MOF) in these countries, even if budget appropriations are exhausted. This could occur, for example, if interest rates on treasury bills/bonds rise beyond those assumed in the budget estimates. However, most annual appropriations cannot be exceeded without additional parliamentary approval.

In France, a 1922 Law provides the basis for MOF control of expenditure commitments. Most of this succinct law is still operative, despite budget reforms over 90 years. No Parliament in a "France-influenced" country has ever adopted such a specific law. Nonetheless, francophone African countries' legal frameworks provide for controlling expenditure commitments including by financial (budget) controllers -- a corps of employees of the MOF, charged with ensuring that expenditure commitments do not exceed the approved budget.

Government banking arrangements

France has a centralized system for government banking arrangements. With few exceptions, only the main operational Treasury account, held exclusively at the Central Bank is used for all government revenue and expenditure operations, i.e., commercial banks are prohibited from providing banking services to government. All local government treasury operations are part of the same nation-wide treasury system. Moreover, central government ministries and agencies may not open their own bank accounts for revenue

---

salaries (although there was separation in Regulations).

[15] France implemented a program-based budget system in 2006. Francophone African countries are also amending their OBLs and introducing program-based budgeting with less emphasis on the traditional Titles (economic categories) of current expenditure (even though these are maintained).

and expenditure transactions. The central Treasury, under the Ministry of Finance, makes all revenue and spending operations using the central bank's main operational account and (traditionally) central bank offices throughout France.

Francophone African countries have, in general, replicated this system for government banking arrangements.

Accounting system and annual accounts

France's traditional government accounting system was double entry, supported by a Chart of Accounts (CoA) with 10 "classes". Although revenue and expenditures were recorded on a cash basis, the CoA also included some accrual accounting elements (e.g., accounts payable; accounts receivable). The accounting system was highly centralized in the Accounting Department of the MoF, with the MoF's corps of public accountants maintaining the accounts of ministries. Traditionally, revenues and expenditures in the accounting system were not classified using the Budget Classification system. As a result, it was not possible, except after the end of the fiscal year, to obtain data for a ministry's spending at the commitment/accrual and cash payment stages. Also, spending payments for a previous fiscal year could be made for 1 month in the new fiscal year (the "complementary accounting period"), while being recorded in the previous' year's accounts.

After their independence, francophone African countries adopted the same system as in France. France provided technical assistance to assist countries maintain the accounts. Although the Accounting Rules were clear, the system proved difficult to implement and maintain, given lack of human and material resources. Also, at times, the complementary accounting period was extended beyond one month, contributing to long delays in obtaining Annual Accounts.

Budget Execution Law

A distinctive feature of France's 1959 OBL (Article 2) is that Parliament is required to adopt an annual Budget Execution Law (*Loi de Règlement*) that approves the differences between actual revenues/expenditures and those approved in the annual budget law. Whereas revenues were presented on a cash basis, expenditures were presented on a payment orders issuance (*ordonnancement*) basis, not actual cash disbursements (e.g., checks issued). Article 36 of the 1959 OBL required Budget Execution Laws to contain two annexes: (1) explaining why revenues were different and why (some) expenditures were exceeded relative to the initial or supplementary budgets; and (2) a report of the Court of Accounts certifying the conformity of the accounts prepared by public accountants and those of ministries.

Francophone African countries' OBL and Public Accounting Regulations adopted similar or identical provisions for their accounting systems.

The Supreme Audit Institution (SAI)

France's 1958 Constitution re-affirmed the long-standing existence of the Court of Accounts (CoA) that oversees government financial management. Article 47 indicates that the CoA serves the Parliament and the Government. Interpretations and decisions of the Constitutional Court[16] affirm that the CoA is independent from both the Government and Parliament, while serving both. In particular, the CoA does not take orders, neither from the Government, nor from the Parliament. Unlike good international practice, the head of France's CoA is appointed without any involvement from Parliament; only the Government (Council of Ministers) nominates and appoints the President of the CoA. Being a judicial body, the CoA staff includes a number of magistrates.

France's CoA is required to prepare an annual report on budget execution, which is submitted to the Government at the same time that it is submitted to Parliament. The Code of Financial Jurisdictions (which contains the equivalent to an "External Audit Law") does not specify the date when this report should be submitted to Parliament. The CoA report is required to accompany the submission of the draft Budget Execution Law to Parliament (which, since the 2001 LOLF, is prior to mid-year). Law requires the CoA report to be published. Law also required the CoA to provide a General Declaration of Conformity of individual accounts with those of the consolidated accounts. Finally, the CoA makes legal decisions on the financial management and annual accounts prepared by the accountants of the MoF's Accounting Directorate.

The Constitutions of most francophone African countries established an independent Court of Accounts. In a few countries, a "section of accounts" was established under the Supreme Court. The francophone African countries' constitutions also provided for the CoAs to serve the government and parliament. As in France, the government – and more specifically, in some countries, the President of the Republic – has a powerful voice in the appointment of the President of the CoA. Magistrates are also appointed, reflecting the judicial character of the CoAs. Although CoAs are required to publish annual reports on budget execution, to issue "declarations of conformity", and to examine the accounts of public accountants, until recent years, the francophone African CoAs were not able to perform essential audit functions, due mainly to shortages of trained staff and materials, and the non-availability or very long delays in receiving from MoFs the consolidated annual accounts, for compliance audit.

Parliament and other budget management oversight bodies

France's 1958 Constitution (Article 5) entitles the National Assembly (NA) to adopt a motion of censure that causes the Government to fall (the Prime Minister must resign) should a majority of NA members vote that there is a lack of confidence in the Government's overall (and economic) policies. This could occur, for example, at the time the annual budget law is submitted to the NA. Several, but not all, francophone African have similar constitutional provisions.

---

[16] For example, when the Constitutional Court examined France's LOLF in 2001, on July 23, it declared Article 58 to be unconstitutional, since this article was, in effect, providing parliament with the authority to order the CoA what to do, thereby undermining its independence from parliament.

France's National Assembly has established, in its internal regulations, a parliamentary budget committee (*Commission des finances*), which actively follows up on the recommendations in the CoA's annual report. Francophone African countries' parliaments have also established such budget committees in parliamentary regulations. However, African Parliaments and parliamentary budget committees have traditionally been weak. Coupled with very late submission of CoA annual reports, parliamentary budget committees have been ineffective in following up the recommendations of CoA reports.

France's 1958 Constitution devotes three articles to an advisory body, the Economic and Social Council, which can provide an opinion on draft legislation or government plans of an economic and/or social character. These constitutional provisions are replicated in francophone African countries. In neither France nor francophone Africa does this Council play a significant role in budget oversight.

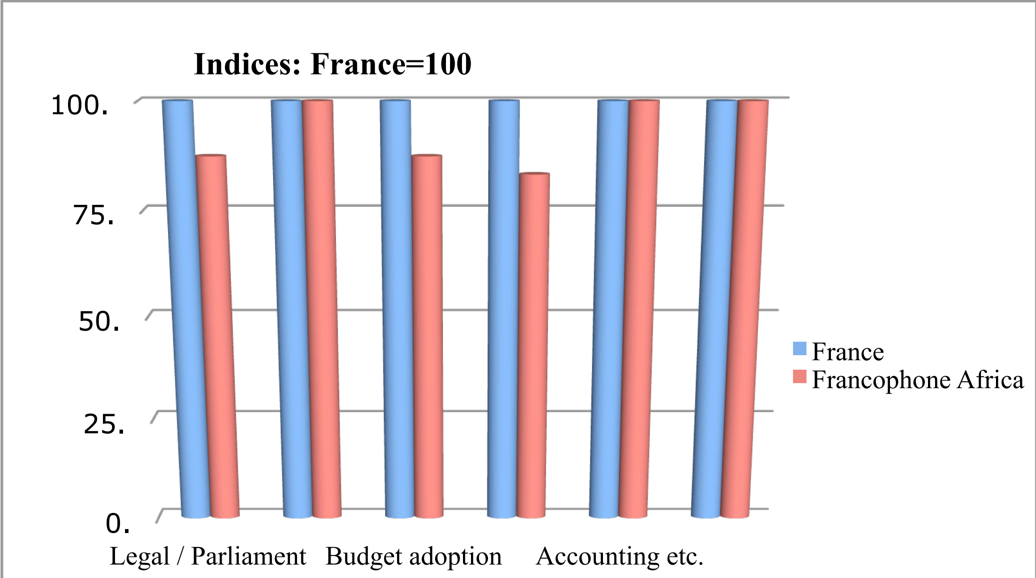
In France, there is a Court of Budget Discipline, which was created by law in 1948 to make judgments on irregular financial management by budget authorizing officers. Although senior civil and military officials can be tried before this Court (and receive fines or other sanctions if found guilty), government ministers, as *Ordonnateurs*, are exonerated from the Court's ambit. This exclusion severely limits the Court's power, as it is unable to hold ministers to account for misuse of public monies. Few francophone African countries have created a Court of Budget Discipline, although Cameroon and Senegal are two exceptions.

In France, the Inspection General of (public) Finances (IGF), created by government decree, is an inspectorate under the MoF that scrutinizes, audits and evaluates the financial management of government ministries and agencies. IGFs have been created in many francophone African countries.

Conclusions

The budgetary and PFM systems of sub-Saharan francophone African countries have very closely followed the model practiced in France for the 45 years until 2005 (Figure 1).

Figure 1: Francophone Africa Differences by Budgeting Areas



Sources: Annexes 1 and 2.

In nearly all areas of the PFM system, the francophone African countries have replicated the institutional arrangements inherited from the former colonial power. The three areas where there are some differences with France are: (1) Parliament, where Budget Committees are weaker; (2) the Constitutional constraint on francophone African parliaments' budget amendment powers, which is marginally less restrictive than in France's 1958 Constitution; and (3) the Minister of Finance was traditionally the unique *Ordonnateur*, whereas in France each Minister is an *Ordonnateur*. As a result, francophone African countries' PFM systems are even more centralized than in France, with Ministries of Finance (MoFs) playing a very important expenditure control function at every step of the budget expenditure execution process. Francophone African MoFs were (until recently) responsible for controlling, validating and recording expenditures at the commitment, accrual, payment order, and payment stages. Also, these countries have not adopted a dedicated law pertaining to expenditure commitments, as France did in 1922 (and which, with amendments, is still a statute in France).

Francophone African countries adopted a legal framework that incorporates classical budget principles stressed in France, notably: parliamentary budget authority, annual basis (12 month budget period), comprehensiveness, unity, balance, the specificity of expenditures, and the separation of the authorizing officer (*Ordonnateur*) and the public accountant who handles cash. These seven principles are included in the francophone African countries' Constitutions, OBLs or Public Accounting Regulations, with few variants from the unique way they are formulated in France.

Although the legal framework provides a basis for legitimate comparison of how far the countries have replicated the traditional French budget system, a fuller study could give less emphasis to Constitutions, laws and regulations. Further research could update the findings of Moussa (2002), which found that many

francophone African countries have discrepancies between what the legal text requires and what happens in actual practice. Such a study would likely weaken the extreme similarity between their PFM systems and that of France.

It is not surprising the many sub-Saharan African countries' budget system are similar to those practiced in France for over 45 years since many of the early leaders and other elite of francophone countries were educated in France. Following General de Gaulle's appeal to today's 20 francophone countries, all but one of them (Guinea) accepted the offer to remain within the "French family" (Meredith, 2005). As a result, nearly all countries "in the family" received considerable aid from France. In particular, French advisors were placed inside the MoFs of the newly independent countries. This contributed to adopting France's own model for the PFM system of west and central African francophone countries. This influence continued for some 40 years. Even in the late 1990s, some countries still had 5-10 French advisors inside MoFs, especially in Treasury and Accounting Departments.

Although the influence of France and its PFM advisors has diminished in recent years, the adoption of the LOLF in France in 2001, and the associated budget performance reforms continue to have an important impact. Instead of being influenced directly by advisors from France, the Commissions of WAEMU and CAEMC, which have been advised by experts very familiar with France's reforms, have encouraged member states to adopt a new OBL that incorporate many of the features of France's 2001 LOLF. In particular, as in France, these countries are now revamping their annual budgets so that they are based on budget programs oriented towards annual performance, placed in the context of the achievement of medium-term budget objectives for which WAEMU/CAEMC have drawn up convergence criteria similar (but not identical) to the EU's fiscal rules. Moves are also being made to introduce accrual accounting in WAEMU/CAEMC countries, based primarily on France's reforms in this area. In summary, France continues to be the reference model for budget and PFM in francophone Africa.

Annex 1. Budgeting/PFM Questionnaire

1. Legal framework for budget system

Q1. Does the Constitution require the separation of legislative and executive powers?
1. Yes [France]
2. No

Q2. What references are made in the Constitution to the actors in public finances?
1. Reference to the government and parliament only.
2. Reference to the government, the parliament and the supreme audit institution (SAI) [France].

Q3. Does the Constitution specify that it is the Government alone that determines national policies?
1. Yes [France, Articles 20 and 49]
2. No

Q4. Does the Constitution require the budget system to be governed by a law that is higher than an ordinary law?
1. Yes, by an Organic Budget Law (OBL), whose parliamentary adoption procedure follows constitutional constraints that do not apply to ordinary laws [France]
2. No, only an ordinary law is needed.

Q5. Does the OBL (or equivalent) apply to procedures pertaining to:
1. Only the initial budget law?
2. The initial budget law and supplementary budget laws?
3. The initial budget law, supplementary budget laws and an annual budget execution law (after the end of the fiscal year)? [France].

Q6. Does the legal framework require parliament to approve a single annual budget law that includes estimates of annual revenues and annual expenditures?
1. Yes [France]
2. No, annual revenues are approved by parliament independently of total and detailed expenditure, e.g., by an annual "Appropriations Laws".

2. Budget comprehensiveness

Q7. Does the legal framework for the annual budget law adopted by parliament relate to:
1. Central government revenues and expenditures only [France].
2. Central and local government revenues and expenditures

Q8. Does each annual budget law for central government ("State") revenues and expenditure include:
1. Only central government ministries and Constitutional bodies
2. As in 1, plus revenues and spending of "administrative" government agencies capable of being profit-making ("budget annexes").
3. As in 2, plus the revenues and spending of Treasury special accounts [France].

Q9. Can excess revenues collected above budgeted revenue estimates be spent without parliamentary approval?
1. Yes
2. No [France]

Q10. Has Parliament approved extrabudgetary funds, e.g., for Social Security?
1. Yes (France)
2. No.

Q11. Does Parliament approve the annual budgets of extrabudgetary funds such as social security funds?
1. Yes
2. No [France, not during 1958-1996].

Q12. Does the legal framework require certain public entities that are not included in the annual budget law to place its deposits at the National Treasury (thereby providing a source of extrabudgetary financing)?
1. Yes [France]
2. No

3. Traditional budget framework and fiscal rules

Q13. Does the legal framework for the annual budget framework require a classification of all resources (taxes, non-tax revenues and borrowings) and all spending inclusive of loan reimbursements?
1. Yes [France]
2. No, there is a mixture of classification dimensions in the "budget system law"

Q14. Does the legal framework require that the approved annual budget law show current and capital expenditures for each ministry / agency?
1. Yes [France]
2. No

Q15. Does the legal framework allow for a single on-budget unallocated budget reserve, to be used for unforeseen and accidental expenditures?
1. Yes [France]
2. No

Q16. Does the legal framework require the annual budget to distinguish between existing policies and new policies being introduced in the annual budget law?
1. Yes [France]
2. No

Q17. Does the legal framework include a fiscal rule for the budget balance and/or debt (e.g., a certain percentage of GDP)?
1. Yes
2. No [France, not in domestic law during 1958-2001]

Q18. Does the legal framework include a limit for local government debt (e.g., as a % of GDP)?
1. Yes, there is a "golden rule" [France]
2. Yes, debt is constrained by domestic law, but borrowing is not necessarily confined to capital spending
3. No

4. Parliamentary adoption by parliament

Q19. Does the legal framework provide a clear deadline date for submitting the annual draft budget law to parliament?
1. Yes, this is in the Constitution.
2. Yes, this is in the budget system law (BSL) (France)
3. No

Q20. Does the Constitution include limits on the number of days that the budget can be discussed in parliamentary chambers?
1. Yes [France]
2. No

Q21. Does the legal framework provide parliament with two more months to consider and adopt the draft annual budget?
1. Yes [France]
2. No

Q22. Does the Constitution make provision for authorizing government spending if the annual budget law is not adopted by the beginning of the new fiscal year?
1. Yes, in the Constitution [France]
2. Yes, but in the BSL
3. No

Q23. Does the legal framework require parliament to approve a table of budget balance in the annual budget law, so as to ensure economic and financial equilibrium?
1. Yes [France]
2. No

Q24. Does the legal framework require a two-part budget adoption procedure in Parliament (first the budget aggregates and revenues, second the detailed expenditures)
1. Yes [France]
2. No

Q25. When approving the annual budget, does Parliament re-approve the authority to collect taxes for the year?
1. Yes [France]
2. No

Q26. When approving the annual budget law, does Parliament approve tax law changes (which eventually result in amendments to the Tax Code – a regrouping of all tax laws)?
1. Yes [France]
2. No

Q27. Is annual budget spending on existing policies approved by Parliament in a single "block" vote?
1. Yes [France, in the OBL prior to the 2001 LOLF]
2. No

Q28. When approving the annual expenditure appropriations for investment, does parliament approve:
1. Multi-year commitments for investment spending?
2. Annual cash spending limits?
3. Both [France]

5. Constitutional constraints on Parliament's amendment powers for the annual budget

Q29. Is there a Constitutional constraint on parliamentary budget amendment power
1. Yes [France]
2. No.

Q30. Is there a Constitutional constraint to prevent parliament from increasing the deficit proposed by the government?
1. Yes [France]
2. No.

Q31. Does the Constitution prevent Parliament from diminishing the government's estimates of total budget revenues?
1. Yes [France]
2. No.

Q32. Does the legal framework prevent Parliament from lowering any specific revenue estimates proposed by the Government (and offsetting this by increasing revenues elsewhere)?
1. Yes, the Constitution
2. Yes, by a law [France, the 1959 OBL]
3. No

Q33. Does the Constitution prevent Parliament from increasing total expenditure proposed in the government's draft budget?
1. Yes, the Constitution [France]
2. Yes, by a law
3. No.

Q34. Does the Constitution prevent Parliament from increasing any expenditure item proposed in the government's draft budget?
1. Yes, the Constitution [France, during 1958-2001]
2. Yes, by a law
3. No

6. Budget execution

Q35. Are annual budget expenditures executed by an authorizing officer (Ordonnateur), whose functions are explicitly stated in the legal framework to be incompatible with those of the person who authorizes spending payments?
1. Yes [France]
2. No

Q36. According to a law or a regulation, is each Minister of the Government the *Ordonnateur* for spending of his/her ministry?
1. Yes [France]
2. No. [francophone African countries, where only the Minister of Finance plays this role]
3. No. Other arrangements, e.g., The President, or senior civil servants

Q37. For current spending in the annual budget law, does the legal framework identify various categories, including one with salaries?
1. Yes [France[17]]
2. No

[17] The 1959 OBL included a category "salaries and materials". In the 2001 LOLF, spending appropriations are by budget programs. However, within each program, salary appropriations are not allowed to exceed a maximum amount, which is specified in each annual budget law.

Q38. Is the on-budget reserve allocated in a decree issued (only) by the Minister of Finance?
1. Yes [France, such reserves are allowed for emergency spending and also for the size of civil service salary increases that were unknown when the budget was finalized]
2. No.

Q39. Does the budget system law limit carry-over of unspent budget appropriations to investment spending?
1. Yes [France]. During 1959-2001, for investment only (the 2001 LOLF limits carry-over to 3 percent of total spending within each budget program).
2. No, not under any circumstances.
3. Legal framework is silent on the issue.

Q40. In the legal framework, can the Government refuse to authorize certain expenditures approved in the annual budget law, i.e., deliberately underspend if the economic conjuncture requires it, without parliamentary approval?
1. Yes [France]
2. No, not under any circumstances.
3. Legal framework is silent on the issue.

7. In-year expenditure control

Q41. Does the legal framework distinguish between at least two types of spending appropriations: those that can never be exceeded and those that can be exceeded?
1. Yes [France]
2. No.

Q42. Is there a specific law for recording and controlling spending commitments?
1. Yes [France]
2. No.

Q43. Are there financial (budget) controllers: a corps of employees of the MOF, who ensure that expenditure commitments do not exceed the approved budget?
1. Yes [France]
2. No, not under the MOF, Each spending ministry is responsible for budget and financial control.

Q44. Do the regulations for expenditure execution require centralized recording of spending at the following stages: Commitment →Accrual (when ownership of a good or service changes, an invoice is submitted, and a government debt is incurred)→ Payment order issuance→ Payment?
1. Yes [France]
2. No

Q45. Are there effective administrative controls over expenditure:
1. At the origination stage only (Commitment)?
2. At payment orders stage only?
3. At the payment stage only?
4. At all stages (origination, payment order and payment)? C [France]

Q46. Do the government financial regulations stipulate a due date to close spending origination acts (commitments) during the fiscal year?
1. Yes [France]
2. No

8. Government banking arrangements

Q47. For central government revenue and spending operations, is there only one main operational Treasury account (it may have subaccounts), held only at the Central Bank?
1. Yes [France]
2. No

Q48. For local government treasury operations, is there only one main operational Treasury account, which is part of the same nation-wide treasury system that is used for central government treasury operations?
1. Yes [France]
2. No

Q49. Is the treasury single account required by law or regulation to be held at the central bank?
1. Yes [France]
2. No

Q50. Can central government ministries and agencies open their own bank accounts for revenue and expenditure transactions?
1. No, all revenue and spending operations are made by the central Treasury, under the Ministry of Finance, using the central bank's main operational account [France]
2. Yes, government ministries / agencies may open their own bank accounts, subject to MoF oversight.

Q51. Can government ministries / agencies open bank accounts outside the central bank and use them for payment?
1. No [France]
2. Yes, government ministries may open accounts in commercial banks.

9. Accounting System and Annual Accounts

Q52. Is the accounting system
1. Single entry?
2. Double entry (Yes, France)?

Q53. How are budget transactions accounted for?
1. Cash accounting only
2. Mix of cash accounting and accrual accounting [France, 1958-2001]
3. Full accrual accounting [France, since adoption of a new OBL in 2001]

Q54. Is the Chart of Accounts such that it can produce, for each ministry / public agency, detailed revenue and expenditure (cash basis) following the Budget Classification system?
1. No [France: traditionally it was not possible, except after the end of the fiscal year, to obtain data for a ministry's spending at the commitment/accrual and cash payment stages.
2. Yes

Q55. Can spending payments for a previous year be made for about 1 month in the new fiscal year (complementary accounting period), yet still be recorded in the previous' year's accounts?
1. Yes [France]
2. No

10. Budget Execution Law

Q56. Does the OBL require Parliament to adopt an annual Budget Execution Law (*Loi de Règlement*) that approves the differences between actual revenue and expenditure outturns compared with those of the approved annual budget law?
1. Yes [France]
2. No, this is not required by the legal framework (nor is it done voluntarily).

Q57. In the Budget Execution Law (*Loi de Règlement*) are revenues presented on a cash basis (*encaissements*), but expenditures presented on a payment orders issuance (*ordonnancement*) basis and not a cash (*décaissement*) basis?
1. Yes [France]
2. No,

Q58. Does the Budget Execution Law (Loi de Règlement) require the presentation to Parliament of an annex that explains why revenue and expenditure outcomes were higher or lower than the estimates approved in the annual budget?
1. Yes [France]
2. No.

11. The Supreme Audit Institution (SAI)

Q59. Is there a Court of Accounts (or other form of collegial body SAI), which examines the legality of government financial management, established in the Constitution?
1. Yes [France]
2. No, but the Constitution refers to a different type of SAI such as an External Audit Office or an Auditor-General.

Q60. Is the independence of the SAI established in the Constitution?
1. Yes [France}
2. No

Q61. Does the SAI serve the Parliament and the Government equally?
1. Primarily the Parliament (assured by legislation)
2. Primarily the Government (assured by legislation)
3. Both the Parliament and the Government, implicitly equally [France, Article 47 of the 1958 Constitution].

Q62. Is the head of the SAI appointed by Parliament?
1. Yes, exclusively
2. Yes, but upon a proposition (or several candidates) put forward by the Government
3. No, the Government (Council of Ministers) nominates and appoints the President of the Court of Accounts, without any parliamentary endorsement [France]

Q63. Does the law underlying the SAI require the SAI to include a corps of magistrates?
1. Yes [France]
2. No

Q64. Is the SAI required to prepare an annual report and submit it to Parliament and Government?
1. Yes [France]
2. No, only to Parliament
3. No, only to the Government

Q65. Does the "SAI Law" mandate the date for submission to Parliament of the SAI's annual report?
1. Yes
2. No [France]

Q66. Is the SAI's annual report submitted to Parliament about the same time as the draft annual Budget Execution Law?
1. Yes [France]
2. No

Q67. Is the SAI's annual report required to be published?
1. Yes [France]
2. No

Q68. Is the SAI required to establish a General Declaration of Conformity of individual accounts with those of the consolidated accounts?
1. Yes [France]
2. No.

Q69. Is the SAI require to formally acquit the accountants of the MoF (and of spending ministries) of their annual financial management and annual accounts?
1. Yes [France, where public sector accountants may be required to make appearances before the Court of Accounts to justify their accounts prepared over the previous five consecutive fiscal years]
2. No.

12. Parliament and other budget management oversight bodies

Q70. Does the Constitution empower Parliament to cause the Government to fall by a "vote of confidence" on its economic program included in the annual budget law?
1. Yes [France]
2. No

Q71. Does the legal framework establish a Parliamentary "budget committee"?
1. Constitution
2. Law
3. Parliamentary Regulation [France]
4. Government Regulation

Q72. Does the Parliamentary "budget committee" actively follow up on the recommendations contained in the SAI's annual report?
1. Yes [France]
2. No

Q73. Besides the SAI, does the Constitution also establish an Economic and Social Council that provides an opinion on legislation and government decrees of an economic and/or social character.
1, Yes [France]
2. No

Q74. Can the SAI or another judicial body require government ministers (as budget authorizing officers) to appear before the court?
1. Yes, such a judicial body exists and requires appearances of ministers when needed.
2. Yes, there is a Court of Budget Discipline, but ministers (only officials) are not required to appear before it [France]

3. No such oversight body exists – ministers can never be brought to account.

Q75. Besides the SAI, is there a high-level government inspectorate that also audits the financial management of government ministries and agencies?
1. Yes, there is a General Inspectorate under the MoF, but no Inspector Generals in spending ministries [France].
2. Yes, there is a General Inspectorate under the MoF, and also Inspectorates in spending ministries.
3. No inspectorates have been established by law or decree.

Annex 2. The Indices of Budget Similarity

Each of the 75 questions of Annex 1 shows the "answer" for France. For francophone countries, one point was given if the answer was the same as for France; a zero point was given if the response was different from France.

In a few cases, a half point was given for a situation that was somewhat close to France's "response". These cases are:

- Question (Q) 70: 0.5 because not all francophone African countries' Constitution have a vote of confidence clause similar to that of France.
- Q72. Few francophone countries in Africa have parliaments that actively follow up the recommendations of the CoA's annual report.
- Q74. Few francophone African countries created a Court of Budget Discipline.

Scores for the francophone African countries were added and compared with France's "score" of 75 points. An overall index (see Figure, chapter 8) was constructed by taking the total score and normalizing it on France=100 by dividing by 0.75.

Figure 1 – sub-indices

A similar procedure to was adopted for constructing the sub-indices, which regrouped questions as follows:

- "Legal / Parliament": the 12 questions in sections 1 and 12 of Annex 1, i.e., the legal framework, Parliament and other independent bodies that scrutinize the budget.
- "Budget framework": the 12 questions in sections 2 and 3 of Annex 1, i.e., including budget comprehensiveness, traditional budget framework, and fiscal rules.
- "Budget adoption": the 16 questions in sections 4 and 5 of Annex 1, i.e., parliamentary adoption timing, procedures and amendment powers.
- "Budget execution": the 12 questions in sections 6 and 7 of Annex 1, i.e., including in-year expenditure control.
- "Accounting etc.": the 12 questions in sections 8, 9 and 10 of Annex 1, i.e., including government banking arrangements and budget execution law.
- "External audit": the 11 questions in section 11 of Annex 1.

List of References

Leruth, Mr Luc E., Mr Dominique Bouley, and Mr J. Fournel. How do treasury systems operate in sub-Saharan francophone Africa?. No. 2-58. International Monetary Fund, 2002.

Imbert, Bruno (2014), "Taking Stock of PFM Reforms in the WAEMU", blog posting, International Monetary Fund, November 4, www.blog-pfm.imf.org.

Mathis, Jean (2012) *Gestion et Finances Publiques en Afrique Francophone* http://jean-mathis.pagesperso-orange.fr.

Meredith, Martin. The State of Africa: A history of the continent since independence. Simon and Schuster, 2011.

Moussa, Mr Yaya. Public Expenditure Management in Francophone Africa: A Cross-Country Analysis. No. 4-42. International Monetary Fund, 2004.

France

Constitution, 1958: www.legifrance.gouv.fr/Droit-francais/Constitution

National Assembly: http://www.assemblee-nationale.fr

Ministry of Economy and Finance: http://www.economie.gouv.fr

Constitutional Council: http://www.conseil-constitutionnel.fr

Court of Accounts: www.ccomptes.fr

Legifrance (for all laws and decrees): http://www.legifrance.gouv.fr

Ordonnance n° 59-2 du 2 janvier 1959 portant loi organique relative aux lois de finances

Décret n°62-1587 du 29 décembre 1962 portant règlement général sur la comptabilité publique

Senate (2000) Budget Committee (*Commission des Finances*) Report No 37, *L'étude menée sur la réforme de l'ordonnance organique n° 59-2 du 2 janvier 1959 portant loi organique relative aux lois de finances*, http://www.senat.fr/rap/r00-037/r00-037.html

Francophone African Countries

Websites:

Constitutions and OBLs of WAEMU and CEMAC countries: national websites

WAEMU and CEMAC: www.uemoa.int and www.cemac.int

Presentations:

Imbert, Bruno (2013) *Le cadre général de la réforme [dans les pays d'UEMOA],* Atelier Préparatoire de la Stratégie de Mise en Oeuvre de la nouvelle LOLF, 23 July, www.finances.bj/IMG/pptx/1_cadre_general_de_la_reforme.pptx.

Ketchekmen, Benoît (2011), *Nouvelles Directives de Gestion des Finances Publiques dans la zone CEMAC*, Communauté Économique et Monétaire de l'Afrique Centrale, Libreville, 9- 13 avril 2011, www.blog-pfm.imf.org/files/cemac.pptx

AFRITAC West (2016), *Problématique de la déconcentration de l'ordonnancement en Afrique francophone sub-saharienne*, seminar, 18-22 January, Abidjan, Côte d'Ivoire. www.afritacouest.org.

Chapter 5

Public Financial Oversight in the Napoleonic Tradition: The Case of Niger

Louis M. Imbeau

Introduction

Chapter 3 presented a review of the evolution of public finance, and especially the role of parliament in the budget. It highlighted the four distinguishing features of the Napoleonic model:

- an *organic perspective* of the relationship between state and society that conceives of the state as a way to integrate all the different components of society;
- a *legalistic perspective* of public administration that sees the public administrator as one who administers public law;
- a *perspective of fusion of administration and politics* according to which the administrator is politically committed rather than neutral; and
- a *perspective of formal and legalistic accountability* focusing on *ex ante* control rather than the *ex post* control of efficiency and effectiveness.

It also noted, under the 2001 Organic law, a move in France away from the traditional 'Napoleonic' model to a new public management perspective. Chapter 4 went on to consider how the French system of public financial management in recent times (i.e. from the start of the Fifth Republic in the late 1950s) was, and to a very considerable extent, still is, a model that is common in francophone Africa. Focus was on the countries of the West African Economic and Monetary Union (UEMOA - *Union économique et monétaire ouest africaine*) and the Central African Economic and Monetary Community (CEMAC – *Communauté économique et monétaire de l'Afrique centrale*).

This chapter narrows focus to one member country of the UEMOA – Niger – and examines how closely the Nigerien institutional public financial management (PFM) architecture has departed from the traditional French model. As Political Scientist, Guy Peters, pointed out, "one format for public administration is not necessarily superior to others but its effectiveness may be a function of how well it fits with other political and social patterns" (2008: 118)[1].

This chapter comprises two parts. In the first, the Nigerien institutions ensuing from the constitution of 2011 are described and the institutional construction effort that followed is considered. It will be seen that in some

[1] Despite this caution, several observers defend the choice of a tradition against another. This is the case, for example, of the American intellectual leader of the school of Public Choice, Gordon Tullock (1997), who argues that the common law is inefficient and that the courtroom has devolved into a stage on which many actors play divergent roles. As Jennis J. Biser puts it, "Tullock suggests dramatic modifications to the American legal system, transforming it from a common law system to a civil code system and abandoning the adversarial proceedings in favor of an inquisitorial process" (2014: 262).

aspects, Niger has remained more faithful to the traditional Napoleonic model than France. In the second part we will build on Public Expenditure and Financial Accountability (PEFA) investigations and the Open Budget surveys to highlight some results of recent institutional reforms.

The Institutional Architecture of Public Finance Control in Niger

Tchangari (2013: 7) noted that

> "... Niger is one of the poorest countries in the world [...] despite the important natural resources it is full of (uranium, oil, gold, renewable energy source, irrigable land, and livestock) and its young population. In 2010, the country celebrated the fiftieth anniversary of its independence with particularly dark social indicators: food insecurity affecting nearly half the population; gross school-enrollment rate of 72.9 %, including 63.9% for girls; a literacy rate of 29 %, including 17.1% for women; a rate of health coverage of 49.44 %, with strong disparities between rural and urban areas; a coverage of drinking water needs of 64.2% in rural areas; a maternal mortality rate of 648 deaths per 100,000 births; and an infant mortality rate of 81 per 1000."

The United Nations Development Programme ranked it last in 2012 with a Human Development Index (HDI) of .304, down 35 points since 2007. The population reached nearly 16 million in 2011 for a GDP per capita of US$300 and the highest fertility rate in the world with 7 births per woman. Given these statistics it is all the more important that Niger finds ways to improve its management of public finance so that its limited resources be put to the reduction of poverty. Niger has recently undergone important institutional reforms which are described in the following sections.

Before turning to describing these reforms, it is important to recall that as a member of UEMOA Niger is constrained by the dynamics of this institution.

The countries belonging to the West African Economic and Monetary Union[2] coordinate a common monetary policy with national fiscal policies. The institutional structure of this association reflects, to some extent, that of the European Union. It consists of three management bodies (Council of Heads of State, the Council of Ministers and the Commission), three supervisory bodies (the Court of Justice, the Court of Auditors and the Parliamentary Committee which prefigures the parliament of the Union to be responsible for the democratic control of the organs of the Union), and an advisory body (the Regional Consular Chamber or *Chambre consulaire régionale*).

[2] Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo

In 1999, member States signed an additional treaty, the Pact of Convergence, Stability, Growth and Solidarity including indicators of convergence, in particular as it regards to the budgetary policies of member States[3]. The criteria formulated in such treaties are not strictly binding but they are an important incentive for fiscal discipline. In their study on the level of convergence achieved by the member States of the UEMOA , Combey and Mally (2012 : 33) show that at the end of the period they studied (1999-2008), Niger was one of the three most complying countries (with Benin and Senegal). Its basic fiscal balance was 5.0% of GDP, its total outstanding debt was 20.1% of GDP, its payment arrears were null, payroll represented 20.8% of tax revenues, and capital expenditure on internal funding was 42.4% of total investments. Three criteria were not met: the average annual rate of inflation (11.3%), the current account balance (-15.1% of GDP) and tax burden (11.7%). According to the Interim Report for the implementation of multilateral surveillance published by the UEMOA Commission in June 2013, Niger has met six criteria including the four primary criteria in 2012. Two secondary criteria were not met: those relating to the current account and the tax burden. It seems that the situation was the same in 2013[4]. Moreover, since 1997-1998, UEMOA has adopted guidelines, revised in 2009, to harmonize public finances in the Union.

It is in this context of proactive implementation of norms of fiscal discipline in its neighbouring members of UEMOA that Niger recently redesigned its institutional architecture, including oversight mechanisms.

The opening of a window of opportunity and recent institutional reforms

Since independence in 1960, Niger has experienced four coups d'État, two Tuareg rebellions, seven constitutions, and more than 30 years of single-party rule. However, recent evidence suggests that there is good potential for stability: the relatively smooth functioning of the institutions of the Seventh Republic may seem fragile, but it is also promising.

A cursory reading of the current constitution (adopted on 25 November 2010) suggests that it is a balanced text that appropriately separates executive, legislative and judicial powers and ensures their independence while providing mechanisms of mutual control, guaranteeing the freedom of the press, establishing guidelines for the control of public finances, and creating instruments to control corruption. These last two items are of particular interest.

Concerning the control of public finance, the constitution provides that the revenue and expenditure of the State are authorized by a Finance Act (*Loi de finances*), that these forecasts may be revised by an Amending Act (*Loi rectificative*) and that the differences between forecasts and actual are to be recognized and

---

[3] UEMOA Convergence Criteria

First Rank Criteria	**Norms**	**Second Rank Criteria**	**Norms**
Base Budget Balance	>= 0	Wages as % of tax revenue	<= 35%
Inflation rate	<= 3%	Capital expenditure to internal financing %	>= 20%
Total outstanding debt / nominal GDP (%)	<= 70%	Tax revenue as % of GDP (tax burden)	>= 17%
Payment arrears for the current period	= 0	Current account balance excluding grants / GDP	>= -5%

Source: Combey & Mally 2012

[4] It should be noted that the reliability of fiscal data necessary for the performance of multilateral surveillance is ensured by the Court of Accounts of UEMOA which also controls the accounts of the organs of the Union.

approved by a Budget Settlement Bill (*Loi de règlement*, art. 101). So the constitution grants to the National Assembly a significant control of public finances. But this power is limited by Article 111 that states that "proposals and amendments tabled by Members of parliament are not admissible where their adoption would result in a decrease of public resources, or the creation or aggravation of public liabilities, unless they are accompanied by a proposal to increase revenues or equivalent savings". Moreover, the budget adopted by the National Assembly must be balanced (art. 114) and the Budget settlement law must be adopted no later than December 31 of the second year following the implementation of the budget (art. 115).

The constitution also provides for a Court of Accounts to exercise "judicial competence, a control competence, and a consultative competence" (art. 141). The Court of Accounts has very extensive powers. It assesses the accounts of the State, of local authorities, of institutions and public companies, of independent administrative authorities and of any organization receiving financial assistance from the State and its agencies.

Concerning the control of corruption, the constitution provides for mechanisms relating thereto. Among others, there is an obligation made to the President (Art. 51), the Prime Minister, ministers, presidents of other public institutions, and leaders of independent administrative authorities (Article 78) to make a declaration of their assets. This declaration is published in the Official Journal and in the press and is updated annually. The Constitutional Court has full powers of discretion in this area and the Court of Accounts is responsible for monitoring the declaration of assets. "Any statement of inaccurate or deceptive property exposes its perpetrator to be prosecuted for forgery in accordance with the provisions of the Criminal Code" (Art. 79).

In addition, the constitution regulates the exploitation of natural resources which "must be transparent" (art. 149). Contracts and revenues paid to the state, disaggregated for each company must be published in full in the Official Journal (art. 150). The same transparency is required for the salary, allowances and benefits granted to the President, Prime Minister, ministers, MPs and leaders of other institutions; they must be determined by an organic law (art. 102).

Finally, the constitution explicitly requires the National Assembly to adopt in the first two years of the first term (art. 184), a series of organic laws on the "Institutions of the Republic", which include (inter alia) the Independent National Electoral Commission (CENI) (art. 6); the National Assembly (number of members of the National Assembly, members' compensation and benefits , conditions of eligibility, the rules of ineligibility and incompatibility , the method of voting and the conditions in which there must be new elections in case a seat becomes vacant) (art. 84); the salaries, allowances and benefits granted to the President of the Republic, the Prime Minister, ministers, MPs and leaders of other institutions (art. 102); the Constitutional Court (art. 125); the Court of Appeal (art. 136); the Court of Accounts (art. 141); the Economic, Social and Cultural Council (art. 155); and the High Council of Communication (art. 163). Organic laws have been passed to expand on these constitutional provisions.

The Organic Law on Finance Laws (LOLF – Loi organique relative aux lois de finances)

The organic law establishing rules concerning the content, presentation, development, adoption, implementation and control of finance laws was adopted on 26 March 2012, and replaces the previous one (2003).

The *LOLF* specifies the respective responsibilities of the legislative and executive powers relating to public finances and is broadly in line with budgetary principles adopted in France and elsewhere[5]. It provides that "no revenue may be liquidated or collected, no public expenditure may be incurred or paid unless it has been previously authorized by a Finance Act" (art. 4). However, the executive exercises a significant control over legislative decisions on finances because "when the provisions of law or regulation should lead to new charges or loss of resources, no such law with financial impact may be definitively voted, no regulatory text may be signed, until these charges or loss of resources are planned, evaluated and accepted by the Minister of Finance" (art. 4). Finally, the Organic Law provides for three types of Finance laws: the initial Finance law that provides for and authorizes all revenues and expenditures of the State each fiscal year (the budget); the supplementary Finance law that changes the provisions of the initial Finance law of the year; the Budget Settlement Law which establishes the financial results of each fiscal year and reports on budget execution and the use of credits.

It provides that budget expenditures include ordinary expenditures (personnel, debt charges, purchase of goods and services, subsidies and current transfers and revenue limitation expenditures) and capital expenditures (investments undertaken by the State and capital transfers expenditures). The appropriation shall be assigned to a constitutional institution or to a department and be specialized by programme and type of expenditure. Article 13 of the Organic Law states that the programme "includes the appropriations for implementing an action or a coherent set of actions representing a clearly defined public policy in a medium-term perspective. These programmes are associated with specific objectives, identified according to general interest purposes and expected results. These results, as measured by performance indicators, are regularly evaluated and are the object of annual performance reports prepared by departments and the constitutional institutions concerned". From the perspective of accountability, the Organic Law also establishes several mileposts and benchmarks[6], broadly similar to those established in France (see Chapter 2).

---

[5] The *annuality* of the budget (the initial Finance law covers a year) (art. 5); the *unity* of the budget (the initial Finance law provides for and authorizes for each fiscal year, all revenues and expenditures of the State) (art. 5); the *specialization* of spending authorizations (credits are specialized by program and type) (art. 12); the *exclusivity* of spending authorizations (according to this principle, money may be spent only for the purpose for which it has been voted but the *LOLF* introduces flexibility with regards this principle as it allows *ordonnateurs* to modify the nature of credits under certain conditions (art. 16, 22); the *limited* and *temporary* nature of spending authorizations (credits are spending limits) (art. 18-21); the *optional* nature of authorized expenses (credits are spending limits, no obligation is made to the executive to spend the entire appropriations) (art. 16, 18, 19); and the expiry of the outstanding balance (payment credits may not be carried over, except specified situations, but commitment credits may) (art. 24).

[6] Authorising agents (ordonnateurs) and public accountants are incompatible functions (art. 64); Ministers and presidents of constitutional institutions are the main authorizing agents for the credits, the programs and the annex budgets of their department or institution (art 68); Financial auditors are appointed to authorizing agents by the minister responsible for finance and are responsible for a priori controls of budgetary operations (art. 69); the Minister in charge of finance is invested with broad powers of control over the implementation of the budget (Art. 66-69); the Court of Accounts assesses the accounts of public accountants (art. 75); the Court of

Like other organic laws, the LOLF provides for the creation of several institutions involved in the control of government finance. Two of them are of particular importance: the Parliamentary Committee on Finance and Budget and the Court of Accounts. The former is attached to the legislative branch, the latter to the judiciary. A third institution attached to the executive is also important in financial control: the High Authority against Corruption and Related Offences (HALCIA – *Haute autorité de lutte contre la corruption et infractions assimilées*). Each is described below.

The Nigerien Committee on Finance and Budget (*Commission des Finances et du Budget*)

The internal regulation of the National Assembly provides in its article 30 for the existence of a permanent commission with general competence in the following areas: internal and external financial matters; revenue and expenditure of the State; the execution of the Budget of the State; currency, savings and credit; the public and private domain of the State and Local Authorities; insurance; and financial monitoring of public enterprises. The regulation also provides that the National Assembly may establish special commissions of inquiry and that permanent committees may establish sub-committees and determine their composition and competence.

Like other committees, the Committee on Finance and Budget includes all parliamentary groups represented in proportion to their numerical strength in the Assembly. An MP cannot be a member of more than one committee and a list of committee members is published in the Official Journal.

The Bureau of the Committee on Finance and Budget consists of a President, a Vice-President, two rapporteurs and a Rapporteur-General, elected by all the members of the Committee for a one-year renewable term.

The Committee may request any permanent general commission to give its opinion on the draft law that the Committee on Finance and Budget is studying. Each permanent general commission may appoint one of its members to participate in a consultative capacity in the work of the Committee on Finance and Budget during the review of articles of laws or credits under its jurisdiction. Legislative proposals with financial implications must be submitted to the Committee on Finance and Budget before being presented to the National Assembly.

Accounts has 5 years to assess the management accounts. In the absence of judgment of the Court of Accounts in this period, the public accountant is relieved of his responsibility for his or her management of this year's management (art 75); the Court of Accounts shall report to the National Assembly on the implementation of the budget law and compliance between the accounts of authorizing agents and those of public accountants (art. 51); any person subject to the control of the Court of Account and who is alleged fault management can be punished (art. 77); public accountants are personally and financially responsible for the operations for which they are responsible and the controls that they are required to perform. In case of failure in the bookkeeping, the Court of Accounts may condemn the delinquent public accountant to the sanctions imposed by the laws and regulations (Article 81); the Government shall transmit to the National Assembly quarterly reports of budget execution. These reports are made available to the public (art. 74); the National Assembly may request information from the government (which may not refuse); it may make on-site investigations (art. 74); the National Assembly may require the Court of Accounts to carry out all investigation that is necessary to its information (art. 75); and the budget settlement law is submitted to the National Assembly no later than the opening day of the budget session of the year following that of the execution of the budget to which it refers – for example, the project of the budget settlement law for fiscal year 2012 must be filed in October 2013, together with the draft Finance Act for year 2014 (art 63).

The presence of all members in Committee meetings is mandatory. However, in his/her absence, a member may delegate his/her powers in writing to another member of the Committee. A member who missed three consecutive meetings without valid justification addressed to the President of the Committee will be automatically excluded for one year, with a loss of one-third of the parliamentary allowance for three months.

Any member of the National Assembly may attend the meetings of a committee but only members of the Committee are entitled to vote. In addition, ministers and their staff may attend committee meetings and be heard by them.

The presence of a majority of committee members is necessary for the validity of the vote if one- third of the members present so request. If this quorum is not reached before the vote, the meeting is adjourned; upon resumption, the vote is valid regardless of the number of voters. Decisions are taken by an absolute majority of votes cast. The President of the Commission shall have no casting vote. In case of a tie, the voted provision is not adopted.

The National Assembly may grant the Committee the authority to designate information or investigation missions on matters within its jurisdiction. The purpose, duration and composition of the mission must be specified. The mission shall report to the National Assembly within the time set by the commission.

The rules concerning the Committee on Finance and Budget which are mentioned in the preceding paragraphs are, in fact, common to all standing committees, with the notable exception of a set of specific provisions relative to the Finance law (Title IV of the Rules of the National Assembly of Niger). These provisions are:

- The draft budget law must be deposited by the Government at the beginning of the budget session (October). It is then immediately submitted to the Committee on Finance and Budget. The other committees are asked for their opinions on the draft budgets submitted by ministries and institutions within their respective competencies; their reports are to be submitted to the Committee on Finance and Budget.
- Consideration of the draft budget law is as follows (art. 105):
    - Intervention by the President of the Committee on Finance and Budget;
    - Presentation of the General Report by the Rapporteur-General of the Finance Committee;
    - Intervention by members of the Government;
    - Opening of the general discussion.
- The budget law is adopted in the following way (art. 106):
    - Revenue forecasts are subject to a single vote for the overall budget and to separate votes for annexed budget or special accounts;
    - Spending of the general budget are subject to a single vote for statutory expenditures; to one vote per title, and within the same title, per department, for new spending authorisations;

- Spending of annex budgets and special accounts are voted by Annex budget and by special accounts.

No formal rule specifies whether the Chair of the Committee on Finance and Budget must belong to an opposition party. Formally, the members of the Committee are left with the task of choosing their president. The parties are proportionally represented in the Committee; parties of the majority therefore have a majority of votes in the Committee allowing them to choose the president from among their members. At the time of the interviews, the current president had been elected by the members of the Committee under the instruction issued by the majority party. As of May 2014, four standing committees are chaired by a member of the majority: the Committee of General and Institutional affairs, the Committee on Defense and Security, the Committee on Rural Development and Environment, and the Committee on Finance and Budget. Three committees are chaired by members of the opposition: the Committee on Social and Cultural Affairs, the Committee on Foreign Affairs and Cooperation, and the Committee on Economic Affairs and Planning. To this list of opposition-member chairs, one must add the Rapporteur General of the Committee on Finance and Budget who has the rank of a committee president.

The Committee on Finance and Budget has access to every organization and any staff who manage public funds when considering the use of public funds. In fact, the Committee focuses on the following matters (item 13): estimates, accounts and financial statements, the effectiveness of government policies, efficiency and economy of these policies, the effectiveness of the implementation with regards to results. The Committee also examines the audit reports of the Court of Accounts and may request the Court to make investigations. However, the Committee is not involved in the identification of priorities of the Court in the development of its annual plan or in assessing its performance.

The Assembly meets 150 days a year in ordinary session (60 days for the fall session and 90 days for the spring session) in addition to possible special sessions of 15 days each. During these periods, members are either in plenary or in committee work for six days a week. The work of the Finance Committee during 2012 focused on the following topics: Finance Act (40%), Budget Settlement Act (10%), other laws (25%), review of audit reports (10%), and review of investigation reports (15%). Members determine the agenda as well as the annual program. It may happen that the Commission should establish an ad hoc sub-committee for a term specified therein.

The Court of Accounts

There are several extra-parliamentary institutions ensuring the control of public finances in Niger, including a Court of Accounts, a State General Inspectorate, a General Inspectorate of Finance and a General Directorate of financial control, not to mention the possibility of creating ad hoc verification Commissions. The Supreme Audit Institution (SAI) of Niger is the Court of Accounts.

The current functions of the Court of Accounts have been the object of an organic law adopted in 2012[7]. The powers of the Court extend to the State, local authorities, public institutions and companies, independent administrative authorities and bodies receiving financial assistance from the State and its subdivisions (art. 3).

The Court of Accounts has three competences. Its *jurisdictional competence* allows the Court to judge the accounts of public accountants, *de facto* accountants, and cases of mismanagement. Its *supervisory competence* is to assess the administrative authorities' management. As such, the Court of Accounts is responsible for monitoring the management and execution of the budget, for supervising management accounts and political parties' accounts, public organizations managing a legally binding pension scheme, the declarations of assets of senior state officials or other agents subject to the reporting obligation. The Court's *advisory competence* gives it the mandate to prepare a report on the implementation of the Budget Law and on the conformity of the accounts of *ordonnateurs* and of public accountants. This competence also requires the Court to respond to consultation requests submitted by the Government or National Assembly and to conduct all surveys and studies relating to the implementation of revenue and expenditure at the request of the National Assembly. Controls vested in the Court of Accounts aim to detect any irregularity or offense to any liability of the persons involved, to promote regular and efficient use of resources and promote transparency in the management of public finances.

The Court shall annually submit a public general report on the observations it made during the various audits conducted during the year and on the management and results of the companies under its control (art. 148). In addition, the Court prepares a report on the implementation of financial laws accompanying the annual general statement of compliance (art. 148). These reports are tabled in the National Assembly at the same time as the Finance Settlement Act. Finally, the Court of Accounts gives its opinion on the internal control system and on management monitoring, on the quality of accounting procedures and of accounts as well as on annual performance reports. These various reports are published in the Official Journal of the Republic and may be published on its website[8].

The Court is composed of the Cabinet of the First President, the Bench (*le Siège*), the "Parquet", the General Secretariat and the Regional Chambers. Its president is appointed by the President of the Republic on the advice of the Judicial Council for a term of five years, renewable once. The Bench is chaired by the First President and includes the chambers' Presidents (1st Chamber: government operations; 2nd Chamber: operation of local authorities; 3rd Chamber: operations of state corporations; 4th Chamber: budgetary and financial discipline), at least 16 advisers and at least 16 auditors. In addition to the magistrates of the judiciary, the Court is composed of officials or persons appointed for their expertise in public and private accounting, management and audit, information technology or other relevant subject matter. The mandates

---

[7] Organic Law No. 2012-08 of 26 March 2012 determining the powers, composition, organization and functioning of the Court of Accounts.

[8] On May 16, 2014 one could find on the website of the Court of Accounts of Niger its General Reports for 2010-2011 and for 2012, as well as other reports (on the control of political parties (2012), on the control of fiscal revenue from extractive industries (2011-2012), on the control of fiscal revenue from mining and oil and gas industries (2010)), and a Report of Activities 2012.

of the Presidents of Chambers or of advisors may not be terminated except in case of retirement or dismissal after consultation with the Higher Judicial Council.

Accounts are submitted annually to the Court with supporting documents. However, with regard to the operations of the State, the Court receives the supporting documents quarterly. The Court examines these documents to prepare the appraisal of the accounts of accountants and to control the management of the *ordonnateurs*. The evaluation is done on documents or on site, depending on the choice of the Court. It may obtain copies of all documents necessary to perform its duties and it may have access to all buildings, premises and properties and can perform verification of supplies, materials, works and constructions as well as any accounting documents. Any unjustified refusal of access to documents or places is liable to a substantial fine and, in case of characterized obstruction, other disciplinary or administrative sanctions may be imposed.

The court establishes by judgment that the accountants are "free" (their accounts are in conformity), "in advance" or "debit balance" (when the writings of the accountants do not mention all the sums of money which it received or that it should have received, or if it paid wrongly certain expenditures). In the first two cases, the accountants are definitively discharged, the amount of the possible advance being entered in receipts of the organization concerned. When there is debit balance, the court condemns the accountant to balance it —including the interest— with the National treasury or the concerned organization.

The President of the National Assembly, the Prime Minister, and a minister or the Court itself can approach the Court concerning any fault of management made by a person subjected to the jurisdiction of the Court of Accounts, i.e. the directors, the administrators of appropriations and their delegates. However, the members of the government are not subject to the Chamber of Budgetary and Financial Discipline. The Public prosecutor of the Court decides whether there will be a lawsuit in which case an advisor rapporteur is charged to make an investigation. The procedure provides that an individual convicted by the Chamber of Discipline may be imposed a minimum fine of 100,000 francs and a maximum equal to four times his annual salary. If the offense caused loss to the organization, a refund of the corresponding amounts (principal and interest) may be required.

In November 2013, it was reported that the performance control had not yet been done and that a plan for capacity building was being developed. The Court was then busy checking the accounts of 2006 and subsequent years. The Court had just received the accounts of year 2010. The Financial Settlement Bills for years 2010, 2011 and 2012 had not yet been adopted. According to some observers, the Court's resources were insufficient to enable it to meet all its functions, since the Court lacked personnel, financial means and facilities. Half of its new advisers had no office space and the Court staff often had to work until nightfall.

The High Authority for the Fight against Corruption and Related Offences (*Haute autorité de lutte contre la corruption et infractions assimilées* - HALCIA)

Corruption is rampant in Niger, as in many other countries. Niger is ranked 113th in terms of control of corruption, according to Transparency International. This fact is recognized by the government. Thus, in a

recent publication, it is noted that "corruption is a common scourge in Niger. It continues to be a real gangrene of the state apparatus, an obstacle to democratic stability, the rule of law, economic growth and social development in Niger "(Niger 2013). In response to this situation, a presidential decree of 26 July 2011 established the HALCIA, an administrative body under the President of the Republic whose mission is to prevent and punish corruption.

The decree specifies the following roles for HALCIA: to monitor and evaluate the government's program to fight corruption; to collect, centralize and follow up on accusations and offenses referred to it for practices, facts or acts of corruption and related offenses; to conduct studies or investigations and provide all legal, administrative and practical advices to prevent or curb corruption; to disseminate and vulgarize texts relating to the fight against corruption; to identify the causes of corruption and propose to the competent authorities measures to eliminate it from all public and semi-public services; to perform any other task assigned by the President of the Republic.

HALCIA is composed of nine members, five from state structures, two from civil society and two from the private sector. They are appointed by decree of the President of the Republic for a non-renewable term of three years. It is headed by a President assisted by a vice-president both appointed by presidential decree. At the end of 2013, the HALCIA could count on a staff of 75 people including 24 policemen.

What about the achievements of HALCIA since its inception in 2011? In terms of prevention, in July 2012 HALCIA launched a process of developing a strategy to fight corruption. The details were published in May 2013 in a document entitled: The process of developing the national strategy of fight against corruption in Niger (Niger 2013); in terms of enforcement, HALCIA published the following statement in a report of its activities:

> "… HALCIA is responsible for "collecting, centralizing and following up on accusations and offenses referred to it for practices, facts or acts of corruption and related offenses. It should be noted that the hitherto observed trend is that most of the cases lead to a conclusion of no fault, because citizens often go directly to HALCIA, even though the incriminated institutions could have informed them on the merits of the contested decisions. It also happens that once an investigation is started, the victim withdraws the complaint and stops cooperating with the investigation, either because he has been satisfied, or he has been pressured or even threatened with retaliation. Unfortunately, there have been several cases of whistleblowers and witnesses who have suffered retaliation for their cooperation in the investigation of HALCIA without them being protected because HALCIA does not have the legal means to do so. This unfortunate situation seriously hampers the suppression of acts of corruption and HALCIA has quickly understood. That is why HALCIA initiated and submitted, 18 months ago, a draft law amending the Criminal Code and the Code of Criminal Procedure, in order to take into account the protection of corruption victims, witnesses and whistleblowers. Also, to give more chance to the fight against corruption, it is imperative not only to legislate to protect whistleblowers, witnesses and

victims of corruption, but also to give more powers to HALCIA in its investigations" (my translation)[9].

Another factor limiting the ability of HALCIA to effectively fight against corruption is the immunity of parliamentarians, coupled with a culture of impunity. As we noted above, the Constitution grants immunity to members of parliament. Immunity guarantees the independence of parliament's members and allows them to do their work free from malicious prosecution. This is why most countries have adopted the principles of non-liability and inviolability of parliamentarians. Yet parliamentary immunity may hamper the fight against corruption, especially in an environment where corruption is rarely punished.

Results

It is perhaps too early to evaluate the results of recent institutional reforms implemented in Niger as their recent adoption left little time to implement new structures and especially to allow them to have a noticeable effect. However, the last two PEFA surveys (Public Expenditures and Financial Accountability) for Niger (2008 and 2013)[10] may help estimate the direction that the country seems to be taking.

From 2008 to 2013, PEFA surveys report an improvement on 10 of the 28 items of its evaluation and a deterioration on 5 items, 13 items staying stable. The largest improvements included five items:

- Comprehensiveness of information included in budget documentation (PI-6).
- Multi-year perspective in fiscal planning (PI-12).
- Availability of information on resources (PI-23).
- Quality and timeliness of budget execution reports (PI-24).
- Consideration of the annual budget law by the Legislature (PI-27).

Smaller but still significant improvements are reported in the following areas:

- Predictability in the availability of funds for commitment of expenditures (PI-16).
- Monitoring and management of cash balances, debt and guarantees (PI-17).
- Effectiveness of payroll controls (PI-18).
- Public procurement: transparency, competitive bidding and complaints mechanisms (PI-19).
- Scope, nature and follow-up of external audit (PI-26).

The greatest deterioration were observed on the following items:

- Total actual expenditure compared to the initial budget (PI-1).
- Composition of expenditure compared to the initial budget (PI-2).
- Quality and timeliness of annual financial statements (PI-25).
- Review of external audit reports by the legislature (PI-28).

---

[9] http://www.halcia.ne/index.php?option=com_content&view=article&id=99&Itemid=72, accessed 23 May 2014.
[10] PEFA 2013 Report on Niger is based on information available in March 2013 when it was completed.

A slight deterioration was noted on item 8:

- Transparency of intergovernmental fiscal relations (PI-8).

In summary, it can be noted that of the three items related to monitoring and external verification (i.e., the roles of the Finance Committee and the Court of Accounts), two have improved over the period (PI-26 and PI-27) while one has deteriorated (PI-28).

Furthermore, the Open Budget Survey[11] is another useful source of information for assessing the outcome of the recent institutional reforms in Niger. The last three surveys of the International Budget Partnership (IBP), 2008, 2010 and 2012, include Niger in their samples. Considering the fact that the 2012 survey is based on data collected in 2011[12], the results reported thereto can hardly serve as a basis for assessing the impact of reforms. We present them for information.

The overall score of Niger on the Open Budget Survey was 26 in 2008 (60th / 85), 3 in 2010 (85th / 94) and 4 in 2012 (94th / 100). The projected 2014 score is 4. In other words since 2008, Niger experienced a sharp deterioration of its performance in fiscal transparency. We can compare Niger score to the 2012 average of countries in sub-Saharan Africa for the same year which was 31. Niger is among the worst performing countries on budget transparency. The rating is less severe when the Open Budget Survey compares the force of the legislature. Niger's performance puts it among countries with a moderate score in 2010 and 2012. The survey highlights a slight improvement in the strength of the ISC passing from a "low" score in 2010 to a "moderate" score in 2012.

The Open Budget Survey provides a set of recommendations to Niger to improve its score on budget transparency:

- Publish the Pre-Budget, the budget proposal of the executive, the reports during the year, the mid-year review, the year-end report and the audit report.
- Produce and publish a Citizens Budget.

As for the power of the legislature and SAI, the following recommendations are made:

- Before submitting the draft budget of the executive, the legislature should formally discuss the overall fiscal policy.
- The executive should consult members of the legislature as part of its process for determining budget priorities.
- The executive should be required to obtain approval from the legislature before transferring funds between different administrative units.

---

[11] International Budget Partnership, www.internationalbudget.org, accessed 27 November 2013.
[12] According to the documentation on the methodology, data collection for the 2012 survey began in August 2011 and ended in December 2011 (http://internationalbudget.org/what-we-do/open-budget-survey/research -resources/methodology/).

- The Court of Accounts should be empowered through the following measures:
- The level of funding for the Court of Accounts should be broadly consistent with the necessary resources it needs to fulfill its mandate and
- The Court should have competent personnel to specifically audit the accounts of central government agencies that deal with the security sector.

Finally, with respect to public participation, the Open Budget Survey makes the following recommendation:

- Niger should strengthen public participation in the budget process.

Conclusion

Niger is one of the poorest countries on the planet. It urgently needs strong institutions of government oversight to curb rampant corruption and to focus its limited resources on poverty reduction, improvement of health conditions in the population and the development of education for girls and boys. But the recent efforts to modernize the institutional architecture, made following the adoption of a new constitution in 2011, are a sign of hope. The National Assembly has made a commendable effort to adopt a set of organic laws that are likely to contribute to strengthening the accountability of the government, whether by a proactive Committee on Finance and Budget, by a Court of Accounts with sufficient means to assess government action or by a High Authority for the Fight Against Corruption, which could make the difference if it was given the opportunity and the means.

Has Niger remained more faithful to the original Napoleonic model than France? Several elements suggest it has. Practices of the Committee on Finance and Budget, as those of the Court of Accounts, have remained rather legalistic. The work focuses mostly on the conformity of estimates and accounts unlike the turn taken by France which added performance analysis of the role of the Court of Accounts as well as programme budgeting. In this regard, we must recognize that Niger's basic legal texts (i.e., the Constitution and the organic laws) make room for program budgeting and analysis of performance. Rather it is practice that does not follow, in part due to the limited resources that Nigerien institutions have. Better-resourced organizations might be more effective in implementing the dictates of organic laws.

But it is too early to assess the impact of institutions that have only been implemented recently. We will have to wait for the next PEFA and Open Budget surveys to get a better idea.

List of References

Biser, J. J. (2014). "Law-and-economics: why Gordon Tullock prefers Napoleon Bonaparte over the Duke of Wellington; and why he may end up on St. Helena." *Public Choice* 158(1-2): 261-279.

Bleiklie, I. and S. Michelsen (2013). "Comparing HE (Higher Education) policies in Europe: Structures and reform outputs in eight countries." *High Education* 65: 113-133.

Combey, A. and K. Mally (2012). Impact du pacte de convergence, de stabilité et de croissance réelle dans

l'UEMOA. *S'intégrer pour s'enrichir*. E. T. Ayuk and S. T. Kaboré, Springer New York: 95-115.

International, F. M. (2008). Niger: Évaluation des Finances publiques selon la Méthodologie PEFA. Washington DC, FMI: 126.

International, F. M. (2011). PEFA: Cadre de mesure de la performance de la gestion des finances publiques. Washington, D.C., Fonds Monétaire International: 103.

International, F. M. (2013). République du Niger: Évaluation des dépenses publiques et responsabilité financière (PEFA). Washington DC, FMI: 119.

Ongaro, E. (2008). "Introduction: the reform of public management in France, Greece, Italy, Portugal and Spain." *The International Journal of Public Sector Management* 21(2): 101-117.

Ongaro, E. (2010). The Napoleonic Administrative Tradition and Public Management Reform in France, Greece, Italy, Portugal and Spain. *Tradition and Public Administration*. M. Painter and B. G. Peters, Palgrave Macmillan: 174-190.

Painter, M. and B. G. Peters (2010). Administrative Traditions in Comparative Perspective: Families, Groups and Hybrids. *Tradition and Public Administration*. M. Painter and B. G. Peters, Palgrave Macmillan: 19-.

Peters, B. G. (2008). "The Napoleonic Tradition." *International Journal of Public Sector Management* 21(2): 118-132.

Tchangari, A. T. M., Ed. (2013). *Regard cityoen sur le projet de budget 2013*. Niamey, Alternative Espaces Citoyens.

Tullock, G. (1997). The case against the common law. *The selected works of Gordon Tullock*. C. K. Rowley. Indianapolis, Liberty Fund: 397-455.

UEMOA (2013). Rapport semestriel d'exécution de la surveillance multilatérale. Commission. Ouagadougou, UEMOA: 110.

Other Documents Consulted:

Niger, Assemblée Nationale, *Résolution No 003/AN du 19 avril 2011 portant Règlement intérieur de l'Assemblée nationale, modifiée par la Résolution No 005/AN du 21 juin 2011 et par la Résolution No 0011/AN du 21 mai 2012*, Niamey: Assemblée Nationale, 2011.

Niger, Assemblée Nationale, *Sur le projet de loi organique déterminant les traitements de base, les indemnités et les autres avantages accoréds aux responsables de certaines Institutions Constitutionnelles, Rapport fait au nom de la Commission des Finances et du Budget*, Niamey: Assemblée Nationale, 2013.

Niger, Haute autorité pour la lutte contre la corruption et infractions assimilées (HALCIA), *Processus pour*

l'élaboration de la stratégie nationale de lutte contre la corruption au Niger, Niamey, HALCIA, 2013.

Niger, Ministère des Finances, *Exposé des motifs du projet de loi de finances pour l'année budgétaire 2014*, Niamey: Direction générale du Budget, 2013.

Niger, Ministère des Finances, *Projet de loi de finances 2014: texte de Loi*, Niamey: Ministère des Finances, 2013.

Niger, Secrétariat du Gouvernement, *Loi No 2011-10 du 27 juin 2011 déterminant le traitement, les indemnités et les avantages accordés au Président de la République*, Niamey: Secrétariat général du gouvernement, 2011.

Niger, Secrétariat du Gouvernement, *Loi No 2011-11 du 27 juin 2011 déterminant le traitement, les indemnités et les avantages accordés au Premier Ministre et aux Ministres*, Niamey: Secrétariat général du gouvernement, 2011.

Niger, Secrétariat du Gouvernement, *Loi No 2011-12 du 27 juin 2011 portant indemnités et avantages des députés*, Niamey: Secrétariat général du gouvernement, 2011.

Niger, Secrétariat du Gouvernement, *Loi organique No 2012-08 du 26 MARS 2012 déterminant les attributions, la composition, l'organisation et le fonctionnement de la Cour des Comptes*, Niamey: Secrétariat général du gouvernement, 2012.

Niger, Secrétariat du Gouvernement, *Loi No 2012-09 du 26 MARS 2012 portant loi organique relative aux lois de finances*, Niamey: Secrétariat général du gouvernement, 2012.

Niger, Secrétariat du gouvernement, *Nomenclature des pièces justificatives des dépenses de l'État, des collectivités territoriales et de leurs établissements publics administratifs (EPA)*, Niamey: Secrétariat général du gouvernement, 2003.

Organisations pour la transparence et l'analyse budgétaire, *Tout savoir sur EITI – Extractive Industries Transparency Initiative*, Niamey, Réseau des Organisations pour la transparence et l'analyse budgétaire.

Tchangari, A.T. Moussa & Hassane Boukar, *Le droit à l'alimentation au Niger: Rapport d'analyse des politiques publiques et du financement du secteur de l'alimentation de 2000 à 2010*, Niamey: Alternative Espaces Citoyens, 2012.

Tchangari, Moussa (sous la direction de), *Le droit à l'eau potable au Niger: Rapport d'analyse des politiques publiques et du financement du secteur de l'eau de 2001 à 2010* Niamey: Alternative Espaces Citoyens.

UEMOA, Le Conseil des Ministres, *Directive No 09/2009/CM/UEMOA Portant plan comptable de l'État (PCE) au sein de l'UEMOA*, Ouagadougou, UEMOA, 2009.

UEMOA, La Commission, *Rapport semestriel d'exécution de la surveillance multilatérale*, Ouagadougou, UEMOA, 2013.

Chapter 6

Budget Expenditure Control Reform in MENA Countries: Establishing Public Accounts Committees in Morocco and Tunisia

Dina Melhem

Introduction

Chapter 3 presented a review of the evolution of public finance in France, and especially the role of parliament in the budget, highlighting for distinguishing features: an *organic perspective* of the relationship between state and society that conceives of the state as a way to integrate all the different components of society; a *legalistic perspective* of public administration that sees the public administrator as one who administers public law; a *perspective of fusion of administration and politics* according to which the administrator is politically committed rather than neutral; and a *perspective of formal and legalistic accountability* focusing on *ex ante* control rather than the *ex post* control of efficiency and effectiveness. It also noted, under the 2001 Organic law, a move in France, away from the traditional 'Napoleonic' model to a new public management perspective.

This chapter considers two members of *la Francophonie* – Morocco and Tunisia – and examines the reforms taken forward in relation to strengthening parliamentary financial oversight and accountability in the two countries. Such reforms have been characterised by a shift from a French parliamentary tradition to a Westminster tradition in conducting financial oversight. Findings reveal that the underlying principles of parliamentary financial oversight are common and that parliaments are able to initiate key reforms and adopt and adapt tools and mechanisms that are outside their jurisdictions.

This chapter comprises three parts. In the first, the Moroccan and Tunisian institutions ensuing from the constitutions of 2011 and 2014, respectively, are described and the institutional construction efforts that followed are considered. It will be seen that in some aspects, Tunisia has remained more faithful to the traditional model than has France whilst Morocco has adopted important steps to build a relationship with its Supreme Audit Institution (SAI), and the overall role of parliament in financial oversight including adopting principles of efficiency and effectiveness in public funds and policy control. In the second part, parliamentary oversight reforms in Morocco are considered in detail while the third presents a summary of similar reforms in Tunisia.

Parliamentary oversight in the Middle East and North Africa (MENA)

Globally, the last decade witnessed an increase in initiatives aimed at strengthening parliaments' ability to conduct effective oversight of public financial expenditure. In addition, the financial and economic crisis in 2008 prompted governments and state institutions to devote further efforts to monitor how public money is being spent. Since 2011 in the MENA region, calls for transparency and accountability increased following protests and demands for change in many Arab countries. The impact of the movements on the centrality of

parliaments (Abdo Baaklini, Guilain Denoeux and Robert Springborg, 1999) in MENA countries has been considerable (Dr. Azmi Shuaiabi, April 2013) following decades of strong executives and a weak culture of accountability. The control of the management of public funds by government has become a key concern for the public and for parliaments.

Previously, the role of parliaments in financial oversight in MENA countries had been challenged by the lack of resources and political will. More specifically, the control of public funds were limited due to several factors associated with the legal framework and institutional and regulatory conditions as well as physical and human resources (Arab Anti-Corruption Organisarion (AACO, 2009) Traditionally, Arab Parliaments tended to give greater focus on the scrutiny of the budget law compared to the control of expenditure.

Recently, several Arab countries pursued constitutional reforms (Jordan, Morocco, Tunisia, Egypt, Yemen, Algeria, and Libya). The new adopted or amended constitutions in many of these countries entrusted parliaments with additional powers, especially addressing the realm of the financial oversight role of parliament. Parliamentary Rules of Procedures were also developed and amended in many Arab Parliaments to respond to those constitutional requirements.

Jordan, adopted a new constitution in September 2011

Morocco, adopted constitutional amendments in July 2011

Tunisia, adopted new constitution in January 2013

Egypt, a Provisional Constitution was adopted; in March 2011. A new constitution was later adopted in January 2014;

Yemen, a Constitutional Drafting Committee was formed in March 2014

Algeria, constitutional reforms were adopted by the Parliament in February 2016

Libya, a constitution declaration was adopted in 2011. Later, a Constitution Drafting Assembly (CDA) was elected and started the drafting of a new constitution. In April 2016, a draft constitution was adopted by the CDA.

Morocco and Tunisia, in particular, introduced reforms to the control of public money, adopting new models in parliamentary financial oversight inspired by the Westminster system, mainly by forming a type of public accounts committee. Both countries have been heavily influenced by the French administrative law and practice. In each of these countries, the new constitution considers the legislature to be the primary source of control of public finance. Along with Tunisia, Morocco’s scores are among the highest in the region on various dimensions of budgetary and financial management (The World Bank, 2010).

Public finance in Morocco and Tunisia

A cursory reading of the current constitution (adopted on July 2011) suggests that it is a balanced text that appropriately separates executive, legislative and judicial powers and ensures their independence while providing mechanisms of mutual control, guaranteeing the freedom of the press (art.28), establishing guidelines for the control of public finances (art. 147 and 148), and creating instruments to control corruption (Article 36, 167). These last two items are of particular interest.

Concerning the control of public finance, the constitution and Organic Budget Law provides that the revenue and expenditure of the State are provided and authorized by a Finance Act (*Loi de finances*), that these forecasts may be revised by an Amending Act (*Loi rectificative*)[1] and that the differences between forecasts and actual are to be recognized and approved by a Budget Settlement Bill (la loi de règlement de la loi de finances.)[2].

The constitution grants to the Parliament a significant control of public finances. But this power is limited by Article 77 of the constitution and article 56 of the Organic budget law which states that "proposals and amendments tabled by Members of parliament are not admissible where their adoption would result in a decrease of public resources, or the creation or aggravation of public liabilities, unless they are accompanied by a proposal to increase revenues or equivalent savings".

The constitution also provides for a Court of Accounts which is the superior institution of control of the public finances of the Kingdom of Morocco. Its independence is guaranteed by the Constitution (art. 147). The Court of Accounts' mission is "the consolidation and the protection of the principles and values of good governance, of transparency and of the rendering of the accounts of the State and of the public organs [organismes]". (art. 147). The Court of Audit has extensive powers. It assists the Parliament in the domains of control of the public finances. It responds to the questions and consultations in relation to the functions of legislation, of control and of evaluation, exercised by the Parliament and relative to the public finances (art. 148).

Concerning the control of corruption, the constitution provides for mechanisms relating thereto. Among others, there is an obligation made to Any person, elected or appointed, assuming a public office [charge] must make, in accordance with the modalities established by the law, a written declaration of assets and credits [actifs] held by them, directly or indirectly, from the commencement [prise] of [their] functions, in the course of service [activite] and at the cessation of it. (Art. 158), The The Court of Accounts controls and assures the submission [suivi] of the declarations of patrimony, audits the accounts of the political parties and verifies the regularity of the expenditures of the electoral operations (art. 147).

In addition, the constitution regulates the exploitation of natural resources. The State guarantees the freedom to contract and free competition. It works for the realization of a lasting human development, likewise to

---

[1] Art. 75-Art. 57 of the Organic Budget law.
[2] Art. 76 of the Morocco Constitution of 2011 and article 64 – 65 - 66 of the Organic Budget Law.

permit the consolidation of social justice and the preservation of the national natural resources and of the rights of the future generations (art. 35). [The following] are of the domain of the law, other than the matters that are expressly devolved on it by other Articles of the Constitution: the rules relative to the management of the environment, to the protection of the natural resources and to lasting development (art. 71)

The Organic Law on Finance Laws (LOLF – Loi organique relative aux lois de finances)

The new Organic Law No. 130-13 on the Finance laws was promulgated in 2015 establishing rules concerning the content, presentation, development, adoption, implementation and control of finance laws. The new Organic law provides a legislative framework for the various measures undertaken in recent years within the framework of the modernization of public financial management. This organic law, which defines new budgetary and accounting rules, enshrines the principles of accountability, sincerity and evaluation, broadens the right of parliamentary amendment and increases the role of the Parliament in the discussion of the Budget and the oversight and evaluation of public policies and contributes to the strengthening of budgetary transparency. This reform is part of an international context marked by the commitment of the various precursor countries to the reform of their public finance systems towards the adoption of a results-based budget management approach (art. 1) including the establishment of the concept of three year budget planning whilst the spending authorisations will remain annual (art. 5) and increase the information to parliament (art 66)[3] and the parliamentary control over the implementation of the budget (art 31)[4].

The *LOLF* specifies the respective responsibilities of the legislative and executive powers relating to public finances and is broadly in line with budgetary principles adopted in France (see Chapter 2) and elsewhere. It provides that no revenue may be liquidated or collected, no public expenditure may be incurred or paid unless it has been previously authorized by a Finance Act. However, the executive exercises a significant control over legislative decisions on finances because "The government may oppose, in substantiated manner, the receivability [irrecevabilite] of any proposal or amendment formulated by the members of Parliament when their adoption could have as a consequence, in relation to the law of finance, either a diminishment of the public resources, or the creation or aggravation of a public expenditure [charge] The Parliament and the government see to the preservation of the balance of the finances of the State" (art.77 of the Morocco Constitution).

The Organic Law provides for three types of finance laws: the initial finance law that provides for and authorizes for each fiscal year all revenues and expenditures of the State (the budget); the supplementary finance law that changes the provisions of the initial Finance Law of the year; the Budget Settlement Law which establishes the financial results of each fiscal year and reports on budget execution and the use of credits.

---

[3] According to art. 66 of the organic budget law, annual performance reports will be attached to the implementation Bill.
[4] Budgetary control by finances committees will be more effective, in particular with the increased assistance of the "Cour des Comptes". The principle of budgetary "sincerity" is formally set out in the Act, and the Cour des Comptes has to certify the accounts discharged (art. 31).

It provides that budget expenditures include General budget expenses include operating expenditures, capital expenditures and expenditures related to servicing the public debt (art. 13-18 of the organic budget law).

The appropriation shall be assigned to a constitutional institution or to a department and be specialized by programme and type of expenditure. Article 39 of the Organic Law states that the programme " A programme is a coherent set of projects or actions within a single ministerial department or institution, with objectives defined in relation to the objectives of general interest and quantified indicators to measure the expected results and Subject to an evaluation aimed at ensuring the conditions of effectiveness, efficiency and quality linked to achievements.

From the perspective of accountability, the Organic Law also establishes several mileposts and benchmarks, broadly similar to those established in France (see Chapter 3).

Like other organic laws, the LOLF refers to the important role of several institutions involved in the control of government finance. Two of them are of particular importance: the Parliamentary Committees charged with Finance and the Court of Accounts. The former is a body attached to the legislative branch, the latter to the judiciary with direct responsibility to report to the Parliament about the execution of the Finance Law and the final general declaration of conformity between the individual accounts of the accounting officers and the general account of the Kingdom shall be communicated by the Court of Auditors to Parliament. A copy will be submitted to the government.

The opening of a window of opportunity and recent institutional reforms in Tunisia

A cursory reading of the current constitution (adopted on 20 January 2014) suggests that it is a balanced text that appropriately separates executive, legislative and judicial powers and ensures their independence while providing mechanisms of mutual control, guaranteeing the freedom of the press, establishing guidelines for the control of public finances, and creating instruments to control corruption[5]. These last two items are of particular interest.

Concerning the control of public finance, the constitution provides that the revenue and expenditure of the State are provided and authorized by a Finance Act (Loi de finances), that these forecasts may be revised by an Amending Act (Loi des finances complementaire) and that the differences between forecasts and actual are to be and approved by a Budget Settlement Bill (Loi de règlement du budget) (art. 101). So the constitution grants to the Assembly of the Representatives of the People a significant control of public finances. Whilst the constitution does not specify the limitations of the power in terms of the proposals and amendments to the finance law, except in Article 66 which states that "The law determines the state's resources and its expenses in conformity with the provisions set out in the organic law concerning the

[5] See Preamble and Article 10 Paragraph 2 states that: "The state shall ensure the proper use of public funds and take the necessary measures to spend it according to the priorities of the national economy, and prevents corruption and all that can threaten national resources and sovereignty".

budget", the Finance law of 2004 states in its article 30 that "No additional articles or amendments to a finance bill may be introduced, if they do not tend to eliminate or reduce an expenditure, to create or increase a revenue. Any proposal for new expenditure must be accompanied by a proposal for corresponding revenue or a proposal for savings of the same amount in respect of all expenditure"[6].

Moreover, the budget adopted by the Parliament must be balanced (art. 45 of the Budget finance law). The bill to regulate the state budget is put to the vote under the same conditions as the draft law on finance (art.48 of the organic finance law).

The constitution also provides for a Court of Audit to oversee "the sound management of public funds in accordance with the principles of legality, efficiency and transparency" (art. 117). The Court of Audit has extensive powers. It assesses accounting methods and sanctions errors and failings that it discovers. The Financial Judiciary assists the legislative and executive powers in overseeing the execution of the Finance Law and the closure of the budget. The Court of Audit is at equidistance from both Parliament and the government.

Concerning the control of corruption, the constitution provides for mechanisms relating thereto. Among others, there is the establishment of the Good Governance and Anti-Corruption Commission (art.130) with the aim to contribute to policies of good governance, and preventing and fighting corruption. It is responsible for following up on the implementation and dissemination of these policies, for the promotion of a culture of good governance, and for the consolidation of principles of transparency, integrity and accountability[7]. Moreover, there is an obligation made to the President of the Republic, the Head and Member of the Government, Member of the Assembly of the Representatives of the People, or member of any of the independent constitutional bodies or any senior public position, to declare their assets according to the provisions of the law. (Article 11).

In addition, the constitution regulates the exploitation of natural resources which shall be exploited in the most efficient way". (art. 12). It is stated that the Natural resources belong to the people of Tunisia. The state exercises sovereignty over them in the name of the people. Investment contracts related to these resources shall be presented to the competent committee in the Assembly of the Representatives of the People. The agreements concluded shall be submitted to the Assembly for approval (Art 13). It is also stated that "a portion of revenues coming from the exploitation of natural resources may be allocated to the promotion of regional development throughout the national territory" (Art. 136).

---

[6] The new bill of 2015 specify in art. 47 that the Parliament is able to add chapters to the Finance act and amending Act in the following cases: to reduce the expenditures or to increase the revenue; Any proposal for new expenditure must be accompanied by a proposal for corresponding revenue or a proposal for savings of the same amount in respect of all expenditure; In order to amend the distribution of resources amongst programmes, there is a need to add amendments to the purposes and indicators of these programmes.

[7] The Commission is responsible for monitoring cases of corruption within the public and private sectors. It carries out investigations into these cases and refers them to the competent authorities. The Commission must be consulted on draft laws related to its area of competence. It can give its opinion on regulatory texts related to its area of competence. The Commission is composed of independent, impartial, competent members, with integrity, who undertake their tasks for a single six- year term. One third of the members are replaced every two years.

Finally, the constitution explicitly requires to adopt a series of organic laws on the Independent Constitutional Bodies", which include (inter alia) the Election Commission (art. 126); the Audio-Visual Communication Commission (art. 127), Human Rights Commission (art. 128), Commission for Sustainable Development and the Rights of Future Generations (art. 129), The Good Governance and Anti-Corruption Commission[8] (art. 130), The Constitutional Court (art. 118-124).

The Organic Law on Finance Laws (LOLF – Loi organique relative aux lois de finances)

The organic law establishing rules concerning the content, presentation, development, adoption, implementation and control of finance laws was adopted in May 2004, amending and completing the organic law of the Budget N ° 67-53 of 8 December 1967. A new project law has been submitted to Parliament in November 2015[9].

The *LOLF* of 2004 specifies the respective responsibilities of the legislative[10] and executive powers relating to public finances. The Organic Law provides for three types of finance laws: the initial finance law that provides for and authorizes for each fiscal year all revenues and expenditures of the State (the budget); the supplementary finance law that changes the provisions of the initial Finance Law of the year; the Budget Settlement Law which establishes the financial results of each fiscal year and reports on budget execution and the use of credits.

The process of establishing a public accounts committee: Conducive environment for change

It is widely known that the ex-ante and ex-post elements of scrutiny in the public financial accountability system in each parliament should be working effectively and complementary to each other. Different options and models for the legislative committee responsible for the scrutiny of financial audits exist including the use of audit sub-committees to the budget committee—as in Germany—the devolution of audit scrutiny to relevant departmental committees—as in New Zealand—or a dedicated Public Accounts Committee (PAC) (Wehner, 2007) The latter has been gaining growing interest within commonwealth and non-commonwealth countries (Stapenhurst, R., Pelizzo, R. and Jacobs K, 2014).

Until 2011, the Moroccan House of Representatives'[11] structure to conduct financial oversight was based on having a Finance and Economic Development Committee that combined the two tasks of budget review and execution oversight. An assessment of the fiscal control system conducted in 2008[12] identified that the

---

[8] A bill to regulate the Good governance ad Anti-corruption commission is in discussion now before the parliament.
[9] The bill has brought some innovations in comparison to the 2004 LOLF. This includes the move in public management to a culture of results and accountability (art. 21); improving the efficiency of public spending and the performance of state services; Strengthening the role of the parliament in the control of all public financial management processes through greater transparency.
[10] The LOLF of 2004 mentions the two chambers of the parliament as the Tunisian parliament pre-2011 was bicameral.
[11] The Moroccan Parliament is bicameral. The House of representatives is the lower house made up of 395 member seats.
[12] This was part of research funded by WFD on fiscal control in five Arab countries: Jordan, Lebanon, Egypt, Morocco, and Yemen; conducted by the Arab Anti-Corruption Organization (AACO) in collaboration with a select band of economists, financial experts and lawyers. Fiscal Control in the Arab Countries: A summary of the Country Studies for Egypt, Lebanon, Jordan, Morocco and Yemen, Beirut, December 2009.

budget execution system is well-structured and reliable enough to ensure the legal correctness of expenditures, but has been cumbersome and slow with excessive ex-ante controls. According to the IMF MENA Regional PEFA study of 2010[13], for performance indicator the one that examines legislative scrutiny of the annual budget law, Morocco scored a B+ whilst it scored only D+ for the one assessing legislative scrutiny of external audit reports. The PEFA assessment shows that no in-depth hearings are conducted by the legislature and no recommendations are suggested.

The conducive political dynamic for advancing reforms that emerged in the aftermath of the constitutional amendment in Morocco created a real momentum for change and parliamentary reform. The new constitution gives Parliament an enhanced role in scrutinising both the budget and expenditure. Following the elections in November 2011, the Moroccan House of Representatives developed a strategy to upgrade its capacities and structure that included specific actions and milestones. As part of this process, the House of Representatives started to review its financial oversight procedures and practices and committed to strengthening its committee system through establishing a new standing committee that could be called the Public Expenditure Control Committee. It is said in the strategy that the committee would be in charge of controlling, aposteriori, the expenditures via application of the "value for money" principle which has the aim of checking to determine whether the value generated for the citizen is comparable to the amount of public money expended for this purpose.

[13] Public Expenditure and Financial Accountability

Extracts from the Strategic plan for upgrading and enhancing the work of the House of Representatives (December 2012), focus area 3, P. 533) - Establishing a public expenditure auditing and review mechanism

This project consists in setting up a new parliamentary mechanism for monitoring the execution of public expenditure made by the government.

This mechanism could be based on the creation of a new standing committee that could be called "Public Expenditure Control Committee". It would be in charge of controlling a posteriori the said expenditures via application of the "value for money" principle which has the aim of checking to determine whether the value generated for the citizen is comparable to the amount of public money expended for this purpose.

This monitoring process will rest on audit reports produced by the Court of Auditors upon request of the House, pursuant to Article 148 of the Constitution. This mechanism could serve a precondition for annual discussion on the law on regulations and the adoption thereof.

Measures related to the implementation of this project will draw on international experiences, including reports produced as part of international cooperation.

A year later, the House of Representatives adopted new rules of procedure that were approved by the Constitutional Council on 19 November 2013[14] and included the establishment of a ninth Standing Committee —the Committee for the Control of Public Finances (the Public Accounts Committee or PAC).

Aside from the Legal reform process, gathering political consensus around the establishment of the committee was needed. The leadership of the Bureau of the parliament followed an inclusive process whereby all parliamentary blocs and Members of Parliament (MPs) contributed to the discussions around the suggested reforms. Resistance to agreeing with the establishment of such a committee that could have been driven by the lack of knowledge of its roles and responsibilities and how it complements other committees were addressed with dialogue and consultation. Several awareness building workshops and study missions to the UK were conducted to develop an understanding of the role of such a committee, its interaction with

[14] The Constitutional Court in its decision number 924/2013 challenged the first adopted rules of procedures in August 2013 and rejected the Parliament's key decisions related to Articles 49-54 (establishing an Equity Committee) and articles 218-221 (establishing a PAC). It is worth noting that according to articles 69 and 132 of the Constitution, it is mandatory that both chambers of the parliament gets the consent of the constitutional court on the compliance of the rules of procedure to the constitution before they enter into force. In the first version of the adopted rules of procedure, the wordings of the establishment of the PAC was one of the articles that were challenged by the Constitutional court. Article 55 of the Rules of Procedure stipulated in its article 55 the establishment of the PAC as the 9th committee in parliament. The article described the mandate of the committee as being auditing of public expenditure of the government and all affiliated bodies and institutions as well as public contracts and review the final accounts submitted by the court of audit. The constitutional court considered the role and scope of the Committee as a duplication of the role of the court of audit. The Parliament revised this article and adopted a new wording to describe the role of the Committee. The new rules of procedure were subsequently approved by the Constitutional Council on 19th November 2013.

other parliamentary committees, and the relationship of the committee with the Court of Audit[15]. During this process, the Moroccan parliament gave great attention to looking at best practices of parliamentary scrutiny. This developed a notable buy-in and enthusiasm for the idea of leading to the vote of the rules of procedure. In April of 2014, the Chair and members of the PAC were appointed and the Committee began functioning.

The working of the Committee on Public Finance Monitoring

i) Scope of the Committee

According to article 55 of the new rules of procedure, the PAC known as Committee Number 9 should complement the oversight role of other standing committees. The PAC sets out to:

- Control and monitor government expenditure;
- Study thematic and other reports prepared by the Supreme Audit Council pursuant to article 148 of the Constitution (also called the Court of Audit);
- Prepare and vote on legislation related to the control of public finances.

Traditionally, it is the primary duty of the PAC to examine the reports of the auditor general. The committee differs from most other committees in the sense that it is prevented from questioning the wisdom of the underlying policy that informs public spending (Stapenhurst, R., Pelizzo, R. and Jacobs K, 2014). In the Moroccan example, it is not yet clear whether the Committee will be restricted to looking at Value for Money and the efficiency and effectiveness of the programmes in achieving the objectives for which they were established, or it will go beyond to question the policy behind it. There is an inclination to combine the two roles without impacting the non-partisan approach adopted by members since it began.

Since its establishment, the Committee addressed key topics. Until March 2015, the Committee met 22 times, an average of twice per month, and its bureau met 18 times. The Committee started by engaging in the reform of the clearing system and reviewing the report submitted by the court of audit to parliament.

It is worth noting that the annual plan and agenda of the PAC is proposed by the Parliament Bureau, pursuant to article 219 of the rules of procedure. In April 2015, the court of audit was requested to monitor and track four public funds.

ii) Membership of the Committee

The PAC is composed of 43 members. The Moroccan Parliament did not limit the chair of the Committee to the opposition. This is more in line with the Australian example, whereby the Chair of the PAC always comes from the Majority with a view that this could facilitate the adoption of the PAC recommendations. The opposition in Morocco has been given an eminent role under the new constitution (See article 10, article 60, and article 82 of the 2011 constitution). At present, staff of committees perform largely administrative duties and produce straightforward, factual reports on the content of meetings rather than detailed scrutiny reports.

---

[15] During this process, the House of Representatives collaborated with the Westminster Foundation for Democracy in examining different options and best practices, including the Westminster Public accounts Committee work to establish their own model of financial oversight committee.

iii) Relationship with the SAI

PACs use the SAI reports as the cornerstone of their work (Stapenhurst, R., Pelizzo, R. and Jacobs K, 2014). In Morocco, the Court of Accounts[16] is the superior institution of control of the public finances of the Kingdom. Its independence is guaranteed by the Constitution. The nature of its relationship with the Parliament is enacted in detail under article 148 of the 2011 constitution. This is a notable improvement from article 96 of the 1996 Constitution that didn't specify the nature of such support. The Parliament made great emphasis on strengthening relations between Parliament, constitutional institutions and good governance bodies, mainly the court of Accounts. According to articles 224 and 225 of the Parliament rules of procedure, the Court of Accounts assists the Parliament in the domains of control of public finances. It responds to the questions and consultations in relation to the functions of legislation, of control and of evaluation, exercised by the Parliament and relative to public finances.

Despite the difference with the Westminster model, in which the National Audit Office (NAO) is led by a Controller and Auditor General who reports to the legislature (and the public at large) and the PAC uses its reports as the cornerstone of their work (Stapenhurst, R., Pelizzo, R. and Jacobs K, 2014), the interaction between the parliament and the court of accounts in Morocco has been growing closer. Whilst the Parliament does not have any engagement in the appointment of the President of the Court of Accounts, the PAC developed and maintained an effective working relation with the Court of Accounts. The Head of the Court of Accounts attended meetings of the PAC on several occasions. In this sense, the Moroccan legislature has, indeed, been able to join the French model, marked by the assurance of principles of independence, fairness and collegiality guaranteed by its juridictionnalité procedures, while drawing inspiration from the Anglo Saxon system promoting the international professional standards audit that is oriented towards the performance and results logic.

The Committee meets in private unless decided otherwise by the majority within the committee. Although the transcripts of the committee meetings are not public (article 49 of the Rules of Procedure), the PAC publishes its summary reports and conclusions and these are accessible to the Media and the public.

[16] The Cours of Accounts in Morocco is called the Superior council of Accounts

Tunisia Case Study

The committee of administrative reform and good governance and anti-corruption and oversight of the management of public money has been created by the rules of procedure of the People's Representative Assembly (PRA), adopted on 2 February 2015.

This is a special committee that is set out to perform an oversight function that is beyond the authority or capacity of a permanent standing committee. The parliamentary committee system in Tunisia differentiates between permanent and special committees, pursuant to article 60 of the Tunisian constitution and to chapter 93 of the rules of procedure that details the role of special committee's which count Nine special committees. Until 2010, the Tunisian parliamentary structure to conduct financial oversight was based on having a finance and economic development committee that combined the two tasks of budget review and execution oversight. In Tunisia, an assessment of the fiscal control system conducted in 2016 has identified that the budget execution system is well- structured and reliable. The change in political regime has greatly increased the role of the Parliament and the publicity given to the external audit of public funds by the Court of Audit. According to the IMF MENA Regional PEFA study 2010, for performance indicator which examines legislative scrutiny of the annual budget law, Tunisia scored an "A" whilst it scored a "C" for the one assessing legislative scrutiny of external audit reports.

Nature and scope of the committee: This special committee, responsible for the control of public expenditure, has multiple areas of scope as stated in its title, including administrative reform, good governance, the fight against corruption and control of the disposition of public money. Such a wide scope was essential for Tunisian MPs, members of the rules of procedure committee who agreed to the introduction of a PAC, to incorporate the specific priorities that matter to the Tunisian context after 2011. In many ways, these areas are interlinked. A normal PAC, through its oversight capacity, can perform a vital role in promoting government accountability and transparency, and, in turn, curbing corruption and promoting good governance. A key feature in Tunisia, as compared to other MENA Countries, is that parliamentary committees meet in pubic pursuant to chapter 76 of the Rules of Procedure. The committee *could* decide to meet in private if the majority should vote for that. This contributes to greater transparency and openness to involve the public.

Membership of the Committee: Using proportional representation, the number of MPs on the committee is currently 21. The Committee has a bureau made of the Chair, deputy chair, one rapporteur and Two assistants to the rapporteur. There is no obligation to allocate this position to an opposition MP, unlike the case of the finance committee, which, according to article 60 of the constitution, should be chaired by a member of the opposition.

Relationship with the SAI: The committee was established and met for the first time in April 2015. They started working on key issues related to efforts to track and recover stolen funds. The Committee recently started showing interest in focusing on its financial oversight function and prioritising its relationship and collaborative function of the Supreme Audit institution. This was a key action point decided by the committee following an exchange visit to the UK Westminster Parliament in December 2015, where they looked at best practices in conducting hearings and establishing a relationship with the SAI.

Conclusions and Recommendations

In this chapter, we have briefly presented the institutionalisation of the reform of the Moroccan parliament's financial oversight role that occurred when it created a public accounts committee. The Moroccan Public Accounts Committee was set up to consider accounts, and reports on accounts that were laid before the parliament, including their value for Money.

This major step took place as part of an overall strategy towards greater transparency in the management of public funds and the strengthening of the scrutiny role of parliament, as well as other key reforms to the public financial system, such as the expansion of the Court of Audit mandate and the creation of regional courts of audit Courts (art. 149 of the Constitution).

Similarly, the Tunisian example shows political commitment to enhancing parliament's accountability role, and the aspiration to adopt strict measures for combating corruption at all levels. Both countries are considered to be at the forefront of parliamentary financial oversight reform in the MENA region.

Following the key features of a PAC detailed in the analysis conducted by Stapenhurst, Pelizzo and Jacobs (2013), the young PACs established in both countries have their own characteristics, structural differences and challenges compared to other Committees. The adopted changes were led by parliament and political parties from *every* party, majority and opposition. These are ingredients for the sustainability of the Committee. Indeed, the reforms took place within a specific historical, political, cultural and social environment. Every country would make an approach that is relevant for its needs and reform ambition.

Indeed, measuring the performance of an effective financial oversight process and the impact of the introduction of a PAC on the whole public financial management system takes time. According to the Open Budget Index rankings of 2015, which examines 102 countries from around the world measuring three aspects of how governments are managing public finances, Morocco is ranked 38/100 showing clear improvement in the situation compared to its scores in 2008-2010 (28/100) and Tunisia is ranked 42/100 moving from 11/100 in 2012.

Another area to be developed is the level of public awareness of the work of the PAC and involvement of the media. The case of the Westminster Public Accounts Committee showed what could be done to create and sustain a high public profile. The openness of Parliament to share reports of such committees is crucial and encourages much wider awareness

Further reforms are needed to raise the capacity and authority of formal institutions supportive of the PAC, such as the supporting committee staff, as well as the supreme audit institutions to help resolve its capacity constraint, ensuring the access to accurate and timely information and data presented. Additionally, there is a need to undergo continuous monitoring of progress to ensure there are results on the ground and public money is being saved.

List of References

Arab Anti-Corruption Organisarion (AACO). 2009, Fiscal Control in the Arab Countries: A Summary of the Country Studies For Egypt, Lebanon, Jordan, Morocco and Yemen.

Baaklini, Abdo I., Guilain Denoeux, and Robert Springborg. Legislative politics in the Arab world: The resurgence of democratic institutions. Lynne Rienner Publishers, 1999.

Beschel Jr, Robert P., and Mark Ahern. Public financial management reform in the Middle East and North Africa: An overview of regional experience. World Bank Publications, 2012.

De Vrieze, Franklin, and Michael Meyer-Resende. "Global mapping and analysis of parliamentary strengthening programs." (2015).

Edward, B. 2012. 'Parliamentary Reform after the Arab countries', Policy Brief. N° 142 – December 2012. springhttp://fride.org/download/PB_142_Parliamentary_Reform_after_the_Arab_Spring.pdf

El Kharmoudi, Mohammed, et al. "Activités du MEF."

EUROSAI, Good Practice Examples in the capacity building of Supreme Audit Institutions, May 2014, eurosai.org.

Hashem, Eman Ahmed. "The effects of corruption on government expenditures: Arab countries Experience." مجلة اقتصاديات شمال افريقيا 7, no. 9 (2011): 1-23.

Jacob, K. and Jones, K. 2006. 'Governing the Government: The paradoxical place of the Public Accounts Committee'. *Australasian Parliamentary Review*, Autumn 2006, Vol. 21(1), 63–79. http://aspg.org.au/journal/2006autumn_21_1/1-3-Jones_Jacobs.pdf

Johnston, N. 2007. Financial oversight: a Handbook for parliamentarians. Financial Oversight: A Handbook for Parliamentarians, GOPAC and World Bank Institute, 2007.

Kozaczuk, Dorota. "The Hegemonic Ideal of Neoliberal Space of Peace." PhD diss., School of Oriental and African Studies (University of London, 2014.

La Cour des Comptes du Maroc. "Innovations et transformations majeures introduites en vue d'une meilleure gestion des comptes de l'Etat." Presentation presented at le Centre Africain de Formation et de Recherche Administrative pour le Développement (CAFRAD), Tanger, December 1-3, 2014.

Leigh, Edward, MP, Open letter. http://www.dfpni.gov.uk/content_-_successful_delivery-newpage-39

McGee, D. (2002) The Overseers: Public Accounts Committees and Public Spending. London: Pluto Press. (http://www.odi.org.uk/PPPG/cape/publications/MTEF%20Good%20Practice%20Guidance%20Note%200.3.pdf).

Moroccan Court of Accounts. "Key National Indicators." Presentation presented at the 6th Meeting of the INTOSAI Working Group on Key National Indicators, Krakow, April 23-24, 2013.

Moroccan Parliament, Committee for the Control of Public Finance, Draft Value for Money Guide, March 2015.

Pelizzo, R. and Stapenhurst, R. 2004. Tools for Legislative Oversight: An Empirical Investigation. Washington: World Bank Institute. (http://siteresources.worldbank.org/PSGLP/Resources/ToolsforLegislativeOversig ht.pdf).

Présentation du projet de la nouvelle loi organique du budget de l'Etat, February 2016 http://www.finances.gov.tn/index.php?option=com_content&view=article&id=820:presentation-du-projet-de-la-nouvelle-loi-organique-du-budget-de-l-etat&catid=21&Itemid=108&lang=fr

Rules of Procedure of the House of Representatives, August 2013 http://www.chambredesrepresentants.ma/sites/default/files/loi/reglement_interieur_01.08.2013.pdf.

Rules of Procedure of the House of Representatives, 29 October 2013, http://www.chambredesrepresentants.ma/sites/default/files/reglementinterieur27.11.2013_0.pdf

Shaw, C., Rogers, I. *Assessment of parliamentary financial oversight in Morocco.* Assessment visit for WFD in collaboration with the House of Commons and National Audit Office, Rabra, July 2012.

Skili, Adwi E. (Chair of the Moroccan PAC) 2015. *Work of the Committee of Oversight on Public Funds since its establishment in March 2015*. A presentation for the House of Representatives Workshop in collaboration with Westminster Foundation for Democracy held in Rabat, March 2015.

Staddon, Anthony. "17 Strengthening PACs in small Parliaments." Making Governments Accountable: The Role of Public Accounts Committees and National Audit Offices (2015): 293.

Stapenhurst, Rick, Riccardo Pelizzo, and Kerry Jacobs. Following the money: Comparing parliamentary public accounts committees. PlutoPress, 2014.

Stapenhurst, Rick, Pelizzo, R. and Jacobs K, Following the Money: Comparing Parliamentary Public Accounts Committees, CPA and World Bank Institute, London, PlutoPress, 2014.

Strategic plan for upgrading and enhancing the work of the House of Representatives, The House of Representatives, Kingdom of Morocco, 25 December 2012.

Wehner, Joachim, Klaus Brösamle, Taylor Dimsdale, Mads Aarøe Mathiesen, Tilman Merz, and Elena Mondo. "Strengthening legislative financial scrutiny in developing countries." *Report paper for the UK Department for International Development* (2007).

Wehner, J. 2003. 'Principles and patterns of financial scrutiny: Public Accounts Committees in the

Commonwealth'. *Commonwealth and Comparative Politics*, vol 43. pp. 21-36.

Wehner, J.2007. *Strengthening Legislative Financial Scrutiny in Developing Countries*, Report prepared for the UK Department for International Development.http://www.europarl.europa.eu/pdf/oppd/Page_8/Wehner-Legislative-Financial-Scrutiny-DevelopingCountries-16052007-EN-PS.pdf

Westminster Foundation for Democracy. 2015. *Workshop on sharing best practice in parliamentary support on key parliamentary topics*. In collaboration with the House of Commons, 17th October 2014, London.

Yapa, P. 2014. 'The Oversight Committees in Developing Countries –Public Financial Control and the Expectations Gap: Some Empirical Evidence from Sri Lanka'. *Asian Journal of Finance & Accounting*. June 1, 2014 , Vol. 6, No. 1.

Chapter 7

Budgeting in Cambodia, Lao PDR and Vietnam: Divergences from the Traditional French Model[1]

Ian Lienert

This chapter examines the extent to which the traditional "French system" of public finance still has an influence in the three countries of the former French Indochina: Cambodia, Lao Peoples Democratic Republic (PDR), and Vietnam. The focus of this chapter is on the 40-50 years from 1958 to 2005, when France's budget management system was quite stable. During this period, profound changes took place in Cambodia, Lao PDR and Vietnam – countries where France had previously exercised considerable influence on government administration and public management.

There is a dearth of comparative country research on France's influence on the national budget systems of Cambodia, Lao PDR and Vietnam. These three countries' history is completely different from that of the former French colonies in Africa considered in chapter 5. From 1954 until the 1970s, these countries turned completely away from western influence, particularly because of the north and south division of Vietnam.[2] During the Indochina war years, the "French influence" diminished radically. Many officials of the three countries were trained in the Soviet Union, whose model inspired Communist leaders in Indochina. Unlike former African French colonies, these countries did not receive French aid immediately after their independence. However, after the war years, France did provide limited budget and treasury advice to help build up public finance management (PFM).

After the end of the Vietnam War with USA and the country's reunification in 1976, Vietnam adopted a new Constitution in 1980. To incorporate Party-led reforms, another new Constitution was adopted in 1992. This Constitution established the National Assembly (NA), which, inter alia, appointed the 21-member Government. The Communist Party of Vietnam exercised control over the government, the NA and all senior positions.

In Cambodia, following the end of the civil war (1979-92), democratic elections were held in 1993. In the same year, a new Constitution was adopted. This provided for a multiparty democracy in the framework of a constitutional monarchy.

In Lao PDR, the 1991 Constitution abolished the previous constitutional monarchy and established a National Assembly. As in Vietnam, only a single party was represented in the Parliament, which is unicameral. In contrast, Cambodia has a bicameral parliament.

---

[1] This chapter has benefitted from helpful comments by Nguyen Van Minh, Quyen Hoang Vu and Saysanith Vongviengkham of the World Bank offices in Hanoi and Vientiane.

[2] In 1954, French Indochina was dissolved following a war with French forces. The region was divided into North Vietnam, South Vietnam, the Kingdom of Cambodia and the Kingdom of Laos.

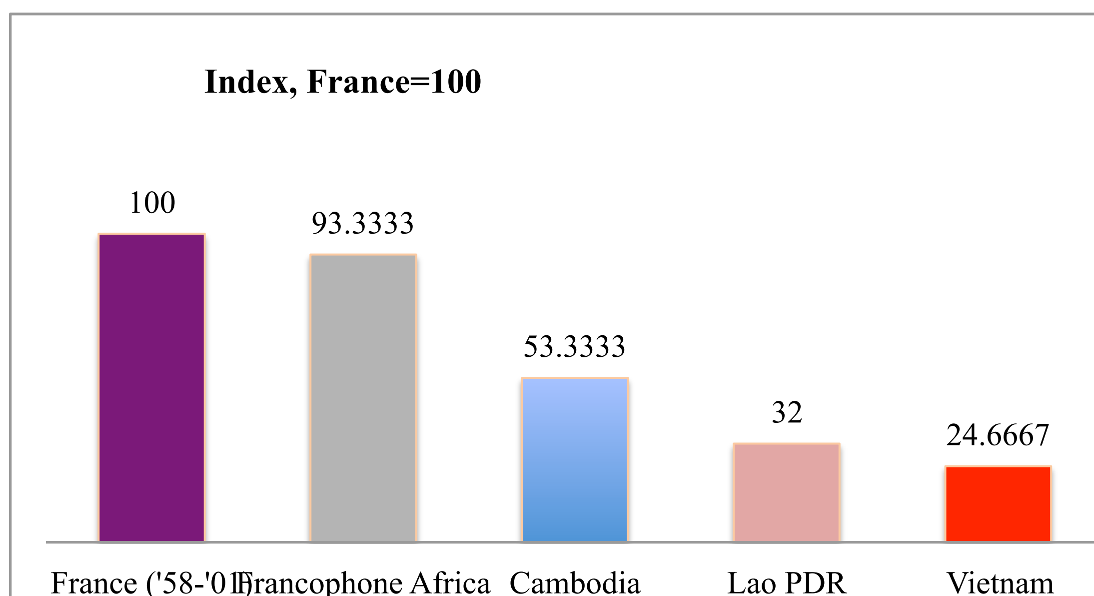
Given the political developments and history of Indochina from 1960-90, it might be expected that Cambodia, Lao PDR and Vietnam have diverged completely from the original “French model” of colonial budget management experienced up until 1954.

This chapter has three main objectives, notably to examine the extent to which the budget and PFM systems of Cambodia, Lao PDR and Vietnam have diverged away from France’s traditional budget model (see chapters 4 and 5); the major features of the post-war budgeting and PFM systems of Cambodia, Lao PDR and Vietnam; and the major reasons for similarities and differences between the countries of francophone Africa, Cambodia, Lao PDR and Vietnam.

Overview of French influence on budget systems

While the budget systems of francophone African countries closely follow that of France, there are significant systemic differences between the budget management and PFM system of Cambodia, Lao PDR and Vietnam and that traditionally practiced in France (Figure 1).

Figure 1 Similarities of budget, accounting and audit systems



Legal framework for budgeting

Cambodia’s 1993 Constitution was partly influenced by the international community involved in the UN Transitional Authority. Communist Party leaders and philosophy had a heavy influence on the amended Constitutions of Lao PDR (2003) and of Vietnam (2001). To the extent that parts of France’s 1958 Constitution were considered, it may have had some influence on Cambodia’s 1993 Constitution, but this appears less likely in the other two Asian countries.

In the three Asian countries, each Constitution stresses “all powers belong to the people”. However, in none of these countries’ Constitutions is there explicit reference to the separation of legislative and executive

powers. Such separation has an important bearing on the extent that parliament has an independent voice in national budget decision-making. Nor is the Supreme Audit Institution mentioned in the constitutions of the three countries.

Cambodia's Constitution contains a chapter on policy, but it only refers to the Royal Government's role for specific policies (e.g., national reconciliation, permanent neutrality, etc.). In Lao PDR and Vietnam, the government determines strategic plans, but their Constitutions do not state that the government determines national policies associated with these plans. The SBL may make such a statement. For example, in Lao PDR's 2015 SBL, "The State sets its State budget policies" (Article 4). In practice, the Government formulates policies, with Party endorsement.

The constitutions of the three countries do not require the annual budget law to be adopted following principles and procedures specified in an organic budget law with near-Constitutional status, as in France. In fact, the Constitutions of Cambodia, Lao PDR and Vietnam do not state that the national budget system needs to be governed by a law. In practice, however, all three countries' parliaments have adopted an ordinary law, notably:

- **Cambodia: Public Finance System (PFS) Law, 2008.** This law replaced an earlier 2003 Public Finance Law, which included several provisions of France's 1959 Organic Budget Law (OBL).
- **Lao PDR: State Budget Law (SBL), 2015).** This law replaced the 2008 SBL and the 1994 SBL (in which some French influence is detectible).
- **Vietnam: State Budget Law (SBL), 2015.**[3] This law replaced the 2002 and the 1996 SBLs.

In France, the Organic Budget Law applies to three annual "budget finance acts": (1) the initial annual budget law; (2) the supplementary budget law; and (3) the annual budget execution law, which shows revenue and spending outcomes relative to those adopted in the initial budget law. In Cambodia, the 2008 PFS Law (Article 8) contains an identical provision. Cambodia's law indicates that the Law on Budget Settlement must show the initial, modified and actual revenues and spending, as in France. In Lao PDR and Vietnam, after the reports on budget execution and final accounts are audited by the Supreme Audit Institution, they are submitted to their respective National Assemblies for approval, but not in the form of a draft law as in Cambodia and France.

The budget system laws of Cambodia, Lao PDR and Vietnam all require that annual budget laws include both revenues and expenditures, as in France.

Budget comprehensiveness

A distinctive feature of the budgets of Cambodia, Lao PDR and Vietnam is that their annual budgets cover revenues and expenditures at all tiers of administration. In contrast, local governments in France prepare and adopt annual budgets at the local level, without these budgets being integrated into the "national" or

[3] Orientations for changes in Vietnam's SBL are described in World Bank (2014).

"State" budget. As a result of the extensiveness of the "universality principle", the State Budget Laws of Lao PDR and Vietnam include budget and PFM decentralization provisions (in contrast, in France, local budget management is specified in the Local Government Code). Provincial Assemblies ("Peoples' Councils") approve local budgets in Vietnam and Governors' administrations approve them in Lao PDR. The revenue and spending aggregates of these budgets are an integral part of the National budget. Cambodia has similar arrangements, with the central government approving revenues and expenditures of each province[4].

Cambodia's 1993 Public Finance Law (Article 3) referred to the "general budget" and "special treasury accounts" but not "budget annexes". This article was dropped in the 2008 amendment. The State Budget Laws of Lao PDR and Vietnam do not make such a distinction. However, all three countries were permitted to retain revenues collected above revenue targets. These were spent off-budget with neither ex-ante nor ex-post parliamentary approval. The 2015 State Budget Laws of Lao PDR and Vietnam aimed to tighten abuse in this area.

The three countries require or permit public entities to open deposit accounts of the National Treasury (NT), thereby providing a potential source of additional budget funding, notably when the State entities have surplus funds in their accounts. For example, in Lao PDR, all Service Delivery Units (SDUs) are required to transfer revenues collected from fees and charges to accounts opened in the National Treasury, for executing spending plans of SDUs. However, compliance has been low, since SDUs fear that the National Treasury will use the cash for other purposes when government revenue collection is lower than expected. For this reason, some SDUs have deposited their "own" revenues in accounts opened in commercial banks. In Vietnam, not all public entities are obliged to open accounts with the NT. For example the social security fund has opened accounts with commercial banks. Although public hospitals are also allowed to keep their own revenues in commercial banks, hospital fees are generally deposited into a Treasury Account.

Vietnam's National Assembly has approved three extra-budgetary funds (EBFs), notably for Social Security (SS), Health and Unemployment insurance.[5] This is not the case for Cambodia and Lao PDR (Table 5, Lienert, 2015). In Cambodia, Lao PDR and Vietnam, the Government is more prone than the Parliament to take decisions to create such funds. The annual budgets of extra-budgetary funds are generally obscured from Parliament in these countries and, in the past, in France.[6] However, there are exceptions. For example, Lao PDR's Road Fund (which is one of its largest extra-budgetary funds) is included in the annual budget estimates of revenues and expenditures. Moreover, the Road Fund spending is limited to actual road fund revenues collected, unless the National Assembly approves excess spending.

---

[4] China also has such arrangements: the National Peoples' Congress approves an annual budget that consolidates the central budget and provincial budgets, for which details are approved by People's Congresses at provincial level. The Soviet Union also had a "nested tier" budget system, with the Party approving, as a formality, the annual State budget, which was a consolidation of the Union budget and the state budgets of the Soviet Republics. For this feature, it is quite likely that the USSR and/or People's Republic of China influenced the three Southeast Asian countries.

[5] There are over 30 EBFs in Vietnam. The Social Insurance Fund and the Health Insurance Fund are large and account for about 95% of the total expenditure of the EBFs, which were approaching 8% of total budget expenditure during 2007-09 (see PEFA report, 2013, indicator PF-7). Ordinances of the NA Standing Committee, Decrees of the Government (at central and provincial level) and Decisions of the Prime Minister have been the main vehicles for creating EBFs.

[6] Since 1996, when France's NA adopted a new Organic Law on SS Funds, the NA approves annually the financing of SS Funds.

Traditional budget framework and fiscal rules[7]

Cambodia's 1993 Public Finance System Law, Lao PDR's 1994 and 2006 State Budget Laws, and Vietnam's 2002 State Budget Law specified, as in France's 1959 Organic Budget Law, that loan transactions are included in annual budget revenues and expenditures. The rationale for this formulation was so the annual budget would be balanced in an accounting sense, i.e., there is no residual financing gap, with parliament approving new loans needed to balance the budget. However, in all three countries, when their SBLs were revised (2008 in Cambodia, 2015 in both Lao PDR and Vietnam), the amended laws no longer include borrowings in revenues and only interest payments on loans are included in expenditures.

Whereas Cambodia's Public Finance System Law specifies that each annual budget law authorizes spending appropriations for each ministry and agency, this is not the case in the State Budget Laws of Lao PDR and Vietnam. In practice, the publicly-available annual budgets approved by the National Assemblies of Lao PDR and Vietnam do not show current and capital expenditure of each ministry (capital spending is allocated by project, not ministry[8]).

In Cambodia, as in France, the Public Finance System Law provides for a single on-budget unallocated budget reserve, to be used for unforeseen expenditures. For Lao PDR and Vietnam, the State Budget Laws (SBLs) provide for an on-budget reserve. In addition, the laws provide for a second reserve: "State Accumulation Fund" (Lao PDR) and "Financial Reserve Fund" (Vietnam). Off-budget reserves are built up from various sources, including from revenues collected above budget estimates.

France's 1959 Organic Budget Law required the annual budget to distinguish between spending on existing policies and spending on new policies. Cambodia's Public Finance System Law also requires this, whereas this is not the case in the State Budget Laws of Lao PDR and Vietnam.

No fiscal rules on the overall deficit or debt are embedded in the Public Finance System Law of Cambodia. In contrast, the SBLs of Lao PDR and Vietnam contain a "golden rule": borrowing is allowed only for capital investment, not recurrent spending. Lao PDR and Vietnam also include deficit and/or debt rules in their five-year plans. For example, Lao PDR's 7th Plan requires the fiscal deficit to be less than 5% of GDP and in Vietnam's Plan, gross debt cannot exceed 65% of GDP.

In Cambodia's 2008 PFS Law, local government debt and borrowing is not mentioned. In contrast, the State Budget Laws of Lao PDR and Vietnam require local budgets to be "balanced." Their State Budget Laws specify the mechanisms for ensuring that there is redistribution between surplus provinces and deficit

---

[7] This chapter focuses on France's traditional budget framework, not on the "modern" requirement for a medium-term perspective on budget strategy, projections, and policies. The chapter does not discuss this issue, nor the pre-budget orientation debate and the program/performance budgeting approach required by the LOLF. Since 2001, there has been considerable improvement in budget documentation and the transparency of budgetary policies, which are important issues, but not addressed here.

[8] Parliamentarians have access to recurrent and domestic capital expenditure, for each ministry and province, in unpublished documents. Also, the NAs approve the list of capital projects for each ministry and province.

provinces. In Vietnam, local governments are authorized to mobilize additional funds for borrowing, including bond issuances, to meet capital needs. The 2015 State Budget Law specifies limits for such borrowing.[9]

Parliamentary annual budget adoption

The two chambers of Cambodia's parliament have only 1¾ months to scrutinize and adopt the annual budget law (Table 1). In the unicameral parliaments of Lao PDR and Vietnam, the National Assembly meets for only about four weeks, twice a year (when not in session, the Standing Committee of the National Assembly takes care of parliamentary business). In both countries, the National Assembly approves the annual budget law after about one month of scrutiny. In Lao PDR, this occurs more than two months *before* the fiscal year begins. The annual budget approved by the National Assembly is at a high level of aggregation, with the detailed budget subsequently decided by the Government. In past years, this occurred before the beginning of the fiscal year and, a few months after the beginning of the fiscal year, the detailed annual budget by sector were published. Vietnam's National Assembly adopts the annual budget law at its end-year session; the 2002 State Budget Law requires National Assembly approval before November 15, 1½ months *before* the fiscal year begins.

None the Constitutions of the three countries limits parliamentary budget discussion time, as in France's Constitution. Cambodia, Lao PDR and Vietnam have legal provisions for reversionary budgets based on the previous year's approved budget. These are contained in their budget system laws, not in their Constitutions, as in France.

Table 1 Timing of budget submission and adoption of annual budget law

	Timing of budget submission	In law?	Number of days in Parliament	In law?	Adoption date	In law?
Cambodia Fiscal year (FY): Jan. 1 to Dec. 31	National Assembly: first week of November Senate: first week of December	Yes	NA – one month Senate - up to 10 days	Yes	December 25	Yes
Lao PDR FY: Oct. 1 to Sep. 30	15 days prior to NA opening of ordinary session (in June)	Yes	NA only sits for about four weeks.	No, but implicit	During June/July Ordinary Session	Yes
Vietnam FY: Jan. 1 to Dec. 31	10 days prior to NA end-year session (which begins in October)	Yes	About 1½ months	No, but implicit	Before Nov. 15	Yes

[9] The 2015 SBL raised the previous limits, which vary by city, province, etc. For example, for Hanoi and Ho Chi Minh cities, the limit is set at 60% of local governments' annual revenues.

	Timing of budget submission	In law?	Number of days in Parliament	In law?	Adoption date	In law?
France FY: Jan. 1 to Dec. 31	National Assembly: first Tuesday of October	Yes	NA – 40 days Senate - 15 days. Both chambers – 70 days	Yes (Constitution)	Not specified	Yes, implicit

Regarding adoption of a "balanced budget", Article 1 of Cambodia's 1993 PFS law was very similar to that contained in France's 1959 Organic Budget Law. The principle of assuring a balanced budget to maintain macroeconomic stability and financial equilibrium was maintained in Article 9 of Cambodia's 2008 PFS law. The 2006 State Budget Laws of Lao PDR (Article 27) require the National Assembly to consider and adopt a balanced annual budget. Vietnam's State Budget Law (Article 19) requires the National Assembly to decide on total budget revenues, expenditures and the budget deficit.". However, none of the three Asian countries' parliaments approve a "table of equilibrium", as in France.

Concerning two-stage parliament annual budget adoption, although Cambodia's PFS Law 2008 (Article 48) requires the annual budget law to be in two parts (perhaps reflecting the influence of French advisors for Cambodia when the law was amended), there is no requirement for the two chambers of Parliament to adopt the two parts sequentially, as in France. The State Budget Laws of Lao PDR and Vietnam also do not require parliament to adopt the annual budget in a two-stage procedure.

Article 1 of Cambodia's 1993 PFS law explicitly stated that annual budget laws estimated and authorized revenues for each year. This article added: "the annual budget law is adopted by the National Assembly". This phrasing was eliminated during the 2008 amendments, suggesting that the NA now plays a lesser role (alternatively, the 2008 PFS Law more accurately reflects actual practice). The State Budget Laws of Lao PDR and Vietnam do not require the National Assembly to re-authorize revenue collections each year. For all three countries, tax law changes are made directly in tax laws, not in annual budget laws.

In approving annual budget spending, the Parliaments of the three Asian countries do not approve spending for existing policies in a single "block" vote, as in France prior to 2006. Separate parliamentary votes are made for each ministry/agency (Cambodia) or broad categories of spending (Lao PDR and Vietnam).

Concerning investment spending, Cambodia's 2008 PFS Law (Articles 28-29) maintained the 1993 PFS law's provision for multi-year investment spending commitments to be approved by Parliament, with annual cash spending limits for investment outlays. As in France, unspent investment commitments can be carried over until exhausted, whereas carry-over of unspent approved cash spending for investment is prohibited. Neither Lao PDR nor Vietnam has legal provisions along these lines. Although investment spending is approved only for a 12 month period in annual budget laws, the National Assemblies of Lao PDR and Vietnam approve the list of all public investment programs and projects which, in turn, are included in medium-term investment plans approved by the National Assembly.

Parliamentary amendment powers for the annual budget

The Constitutions of Cambodia, Lao PDR and Vietnam, like many countries outside France and its former African colonies, do not include constraints on Parliament's power to amend annual budget estimates. The Constitutions of the three countries are silent as to whether the National Assembly could raise or lower revenue and/or expenditure estimates. In Cambodia, the 1993 PF Act was amended in 2008 to disallow any revenue amendments by parliament (Article 51) and by allowing new spending to be proposed provided there were off-setting reductions elsewhere, so as to leave the proposed fiscal balance unchanged (Article 52). Lao PDR's 2015 State Budget Law is silent on the issue of whether the NA can amend the draft budget. In practice, the NA may alter both revenues and expenditures, sometimes substantially (Annex 5, Lienert, 2015). In contrast, Vietnam's 2015 State Budget Law (Art. 46) requires "the National Assembly, when deciding on State budget estimates and the central budget allocation plan, to decide on solutions to ensure the budget balancing capacity in case budget revenues and expenditures are adjusted". This article suggests there must be offsetting measures to any proposals by the NA to increase expenditure. In both Lao PDR and Vietnam, the parliamentary budget committees discuss budget estimates with government officials prior to submission of the draft annual budget to the NA for formal approval. At this "prior review" stage, the parliamentary committee may suggest revisions to the budget estimates, and the Government may subsequently revise the estimates before formal budget submission.

Budget execution

Cambodia's Public Finance System Law (Article 63) explicitly embodies the principle of incompatibility of authorizing officers (*ordonnateurs*) and public sector accountants who pay invoices received by government agencies. It also assigns all ministers to be *Ordonnateurs*, as in France.[10] The 2015 State Budget Laws of Lao PDR and Vietnam do not explicitly include the "incompatibility principle". However, Lao PDR's law (Article 3) assigns the Minister of Finance to be the (sole) primary *Ordonnateur* with other ministers being "ordinary" *Ordonnateurs*. Disbursements are the responsibility of the National Treasury (Article 65). Vietnam's State Budget Law identifies several budget actors (the Government, MOF, other ministries, etc.) for spending execution, but does not define *Ordonnateurs* as in the other two countries. Article 56 indicates that "heads of budget using units shall send spending decisions to the State Treasury for implementation" (payment), i.e., payment orders are issued by the heads of budget units within ministries and provinces.

France's 1959 Organic Budget Law and Cambodia's 1993 Public Finance System Law (PFS) distinguished four main categories of current spending. In Cambodia's amended 2008 PFS Law, the number of categories was extended from four to six. Each category of expenditure shall be classified by chapter, account, sub-account, and eventually can be classified in more detail by decree ("*Prakas*", or proclamation) issued by the Minister of Economy and Finance (Article 22). Lao PDR's 2015 State Budget Law Article 21 specifies broad categories of current spending, including one for salaries, reflecting the earlier 1994 Law that was influenced by France's 1959 Organic Budget Law. In contrast, Vietnam's 2015 State Budget Law includes details of current

[10] See the 1993 PFS Law in French, Article 48. *Ordonnateur* is translated as "manager" in the 2008 PFS Law.

("ordinary") spending tasks, but these are specific to Vietnam, where the classification of spending tasks are a mixture of certain "economic" and "functional" spending categories. This has made it difficult to obtain, for each ministry, a functional classification of total expenditure (current plus capital) consistent with international reporting standards.

Regarding exceptions to the principle of specialization of spending, the centralized control of the contingency spending reserve under the Minister of Finance is included in Cambodia's PFS Act (Article 26). Although Lao PDR's State Budget Law does not assign specific responsibility to the Minister of Finance for issuing a decree to allocate the reserve, this is implied in Article 70(2), which states that *the transfer of budget expenditures from one chapter to another of the annual budget plan is decided by the Primary Ordonator*. In Vietnam, the 2015 State Budget Law (Article 10(3a)) assigns decision-making authority of the unallocated reserve to the Government, i.e., at a political level above that of the Minister of Finance.

The PFS Law of Cambodia and the State Budget Law of Lao PDR do not include provisions for carry-over of budget authority at the end of the fiscal year (this does not preclude provisions possibly being made in Government Regulations). In contrast, Vietnam's 2015 State Budget Law (Article 64(3) disallows carryover of recurrent expenditure (although some exceptions are specified in the law), but allows carryover for investment spending subject to the provisions of the Public Investment Law.

Cambodia's PFS Law 2008 (Articles 58-59) provides the Minister of Finance with strong powers; he can issue decrees to cancel budget appropriations already approved by Parliament. Lao PDR's and Vietnam's State Budget Laws are silent on this issue. Rather than cutting approved expenditure appropriations, in the event of temporary cash shortages, Vietnam's State Budget Law (Article 58 (1)) authorizes the Prime Minister to make temporary advances from the State Bank to allow spending to take place.

In-year expenditure control

The Public Finance System Law of Cambodia distinguishes "estimated" spending appropriations from "strictly upper limit" spending appropriations. The former may be exceeded when the assumptions underlying the annual budget projections do not materialize. A prominent example is interest on government debt. However, most annual appropriations cannot be exceeded without additional parliamentary approval. Lao PDR's 1996 State Budget Law made this distinction ("boundary limitations" and "supposition" expenditures – see Article 19), but this article was eliminated in the 2006 State Budget Law revision, possibly under the influence of Vietnam's 2002 State Budget Law, which excludes this distinction. No further changes were made in the laws of these two countries when they were amended again in 2015.

Unlike France's 1922 law, there is no specific law in the three countries pertaining to the control of expenditure commitment authorizations. However, Cambodia's legal framework requires controlling expenditure commitments, with centralized budget controllers under the authority of the Ministry of Finance, similar to that in France. In contrast, the 2015 State Budget Laws of Lao PDR and Vietnam do not contain such a provision. The financial regulations require a centralized recording of spending at the commitment, accrual (*liquidation*), payment order issuance, and payment stages, especially since computerization. For

example in Vietnam, a Ministry of Finance Circular requires spending units to register in the Treasury and Budget Management Information System ("TABMIS"). Computerization allows expenditure to be controlled at each stage and financial regulations stipulate a due date to close spending commitments prior to end-year. In practice, some slippages may occur.

Government banking arrangements

For government revenue collections and spending payments, centralized banking arrangements for central and local budget transactions are, in principle, required to be operative in all three countries. For Cambodia and Lao PDR, the Central Bank's main treasury account should be used for all government transactions, at both central and local levels. In practice, however, some public funds pass through accounts outside the centralized system (see Annexes 3, 5 and 11 of Lienert, 2015). Lao PDR has made efforts to minimize exceptions by closing some commercial bank accounts that were opened by ministers or provincial governors and used for transactions outside National Treasury control.

Vietnam's 2015 State Budget Law (Article 62) allows State Treasury accounts to be opened in commercial banks as well as at the State (Central) Bank of Vietnam. Besides the central bank account, the Treasury has operational accounts for government financial transactions at four state-owned commercial banks. Revenue can be paid into other commercial banks, but any idle balances are swept into one of those four main accounts at the end of each day.

Accounting system

Cambodia's 2006 Public Financial System Law (Article 84) delegates the establishment of accounting standards and rules to the Government, as in France. Cambodia's law also requires Accounting Regulations to be issued by the Ministry of Economy and Finance (MEF). Sub-decree No. 82 -- General Regulations of Public Accounting -- was adopted by the Royal Government on November 16, 1995. This sub-decree is a near mirror image of France's 1962 Public Accounting Regulations. This reflects the presence of an advisor to the National Treasury with close familiarity with France's government accounting framework.

The approach in Vietnam and Lao PDR is different. Both countries have adopted accounting laws, which were amended in 2003 and 2007 respectively. Each law contains principles and specific guidelines for accounting in both the private and public sectors, i.e., the management of all accounting, including enterprise accounting, is centralized in the Accounting Department of the Ministry of Finance. The Accounting Laws require the MOF to issue rules for a double-entry accounting system and a Chart of Accounts (CoA) consistent with international accounting practices. Thus, public accounting procedures have been promulgated by the National Treasuries of both countries, as they are responsible for accounting operations and the maintenance of monthly revenue and expenditure accounts. The Chart of Accounts of Lao PDR is inspired somewhat by that of France (due in part to French technical assistance provided by the IMF and the Government of France for many years after 1993). In Vietnam, several CoAs existed at central and provincial levels; these had to be unified when the government accounting system was computerized after 2000.

All three countries have experienced difficulties in producing detailed revenue and expenditure data for each ministry that is consistent with the budget classification system. However, since the computerization of the government accounting system, Vietnam can produce detailed budget outcome data that is comparable with actual budget data, but with considerable time lags. Similarly, for Lao PDR, timely detailed data was delayed when computerization of the accounting system was incomplete. In all three countries, spending payments pertaining to the previous year can be made in the early months in the new fiscal year (up to three months in Lao PDR; see Article 73 of the 2015 State Budget Law), thereby delaying the production of annual accounts. In Cambodia, in addition to the complementary *accounting* period, there has also been a complementary *budget* period, i.e., payment orders pertaining to the previous year have been issued in the new fiscal year. This slowed down payments and the closing of annual accounts by up to four months.

Budget Execution Law

Cambodia's 2006 Public Finance System Law requires an annual Budget Settlement Law to be adopted by the National Assembly. Articles 76-81 closely resemble France's 1959 Organic Budget Law's Articles 2 and 35-36. In contrast, the State Budget Laws of Lao PDR and Vietnam do not require a Budget Settlement Law to be adopted by the National Assembly each year. The State Budget Laws and Accounting Laws, nonetheless, require budget units to coordinate with the National Treasury to reconcile all realized budget revenues and expenditures with budget execution reports to ensure completeness, accuracy and timeliness. However, the legal frameworks of neither country requires the Government to prepare explanations of why budget outcomes differ from the initial budget adopted by the National Assembly, nor a "certificate of conformity" issued by the Supreme Audit Institution.

The Supreme Audit Institution (SAI)

The Constitutions of Cambodia, Lao PDR and Vietnam do not mention anything about a Supreme Audit Institution. Nonetheless, the parliament of each country has adopted an (external) Audit Law that establishes a State Audit Office (SAO). These laws have been amended in recent years to enhance the independence of the SAOs. Although the SAOs serve both the Government and Parliament, the Constitutional Court of each country has not declared (as in France) that the SAOs cannot take instructions from either the Government or the Parliament. Also, unlike in France, but in closer conformity with good international practice, the Parliaments of the three countries are involved in the appointment of the head of the State Audit authority. The Audit Laws of Lao PDR and Vietnam provide a prominent role for the National Assembly in electing and dismissing the State Auditor General, who is not supported by a corps of magistrates as in France.

- *Cambodia's* PFS Law (Article 81) does not require the annual report of the National Audit Authority (NAA) to be one of the documents attached to the draft annual Budget Execution Law. However, Cambodia's 2000 Audit Law (Article 22) requires the NAA annual report on the government's annual budget execution to be submitted to Parliament. While the timing of this submission is not specified, the Government is required to submit its unaudited accounts to the NAA within nine months after the end of the fiscal year (Article 23). Article 29 requires NAA reports to be public documents.

- *Lao PDR's* revised 2012 State Audit Law requires the annual audit report on budget execution to be submitted to the National Assembly and the Prime Minister. The law does not include the date – or the delay after the end of the fiscal year – by which this report is submitted. The annual audit report can be divulged to the public after authorization of concerned State authorities (Article 18). Publication is not obligatory in law.
- In *Vietnam's* 2005 State Audit Law, the State Audit shall be responsible for sending the audit report of the State budget settlements and the annual audit report to the National Assembly (NA), the NA Standing Committee, and other Committees of the NA no later than sixteen months after the end of that budget year, and concurrently to the State President, the Government and the Prime Minister (Article 55-3). Article 58-1 requires the annual audit reports on the results of implementing the audit conclusion and recommendation of the State Audit shall be publicized after being submitted to the National Assembly.

While the SAOs of Cambodia, Lao PDR and Vietnam are responsible for auditing consolidated annual accounts (mainly revenue and expenditure outcomes), they do not formally acquit public accountants' account-keeping over the previous five years, as in France.

Parliament & other budget management oversight bodies

In rare cases, parliaments may adopt a "motion of censure" causing the Government to fall. To do this, a majority of National Assembly (NA) members would vote that there is a lack of confidence in the Government. Here is how this would play out in National Assemblies:

- *In Cambodia*, the Constitution allows the NA to pass a vote of confidence in the Royal Government, but a 2/3rd majority is needed to dismiss a member of the Government or the entire Government. The Constitution does not specify that the vote of confidence is limited to the Government's general policies, as in France.
- *In Lao PDR*, the 2003 Constitution allows the National Assembly to pass a vote of confidence in the Government or a member of the Government. It appears that only a simple majority is needed. However, the President of State has the right to return the "no confidence" vote to the National Assembly for reconsideration. If, in a second vote in the National Assembly, the "no confidence" motion is again adopted (within 48 hours), the Government or the member of Government (depending on the wording of the vote) must resign.
- *In Vietnam*, the 1992 Constitution allows NA members (but not Government members) to be divested of their mandate by Peoples' Councils when they are no longer worthy of the people's confidence. In Article 84, the NA may adopt a vote of confidence in favor of officials elected or approved by the NA. However, the Constitution does *not* make provision for a vote of confidence that could lead to the dismissal of the Government or government members (as in Lao PDR, for example).

Parliamentary budget committees:

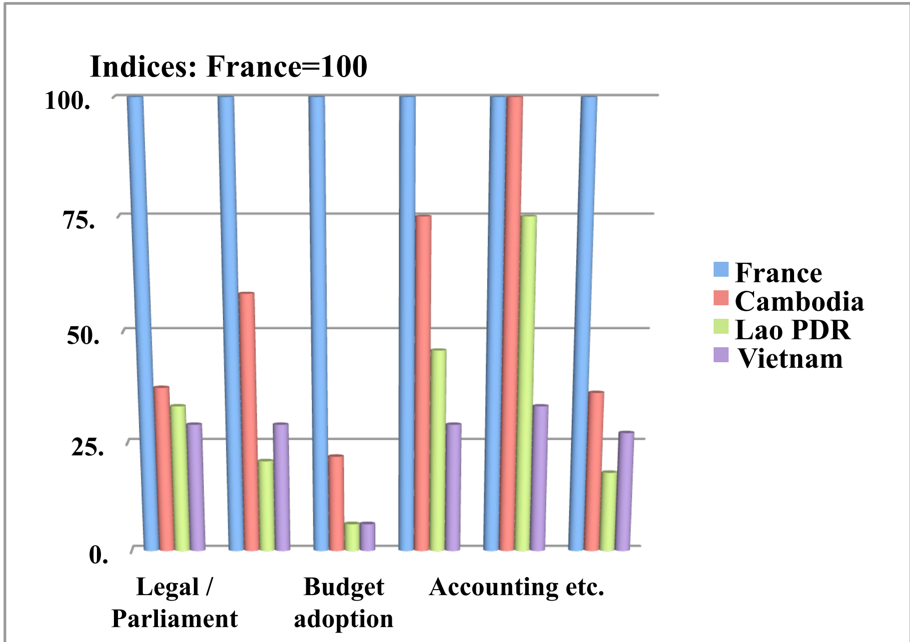
- *In Cambodia's* NA internal regulations, various committees ("commissions") are created. Commission No. 2 on Economy, Finance, Banking and Audit is the key committee in the NA for scrutinizing the annual budget and the National Audit Authority's recommendations to improve financial management. The Senate also has such a committee.
- *In Lao PDR*, the NA Oversight Law No. 09/NA of 2004 established the Economy, Planning and Finance Committee, which plays the crucial rule for State budget oversight.
- *In Vietnam*, NA Resolution 387/2003 establishes the Committee for Financial and Budgetary Affairs (CFBA), which reports to the Standing Committee and/or the NA plenary sessions. The CFBA has around 40 members and a number of sub-committees for oversight of specific areas of budgeting.

Other budget oversight bodies:

The Constitutions of Cambodia, Lao PDR and Vietnam do not establish an Economic and Social Council, as in France. Nor have not created a judicial body comparable to France's Court of Budget Discipline, which rules on financial misconduct cases committed by high-level government officials (but not politicians).

High-level inspectorates under the MoF are important in Cambodia, Lao PDR and Vietnam. It is difficult to ascertain whether their origin is from France or from the Soviet/Communist countries, where the inspection function is also an important systemic feature of public financial management. In Cambodia, the Department of General Inspectorate of the MEF conducts inspections of ministries and government institutions carrying out national budget revenue and expenditure operations. Similar arrangements exist in Lao PDR and Vietnam. In Vietnam, the 1992 Constitution devotes four articles to People's Inspectorates, which have the right to exercise public prosecutions.

Figure 2: Differences by Budgeting Areas



Conclusions

The budgetary systems of Lao PDR and Vietnam, and to a lesser extent, Cambodia, are significantly different from that of France. Differences are most pronounced for budget adoption and parliamentary budget amendment (Figure 2). Vietnam's budget execution and expenditure control procedures are very different from those specific to France. The legal framework for budgeting and budget-related institutions, including Parliament and the SAI, are also quite different from France. France's Court of Accounts is a different model from the SAIs established in Cambodia, Lao PDR and Vietnam. In contrast, the accounting systems of the three countries are relatively similar to the traditional French accounting system[11]

Major reasons for the marked differences or, for Cambodia, similarities, to France's budget, accounting and audit systems include:

- The Constitutions of Cambodia, Lao PDR and Vietnam, which were adopted, or amended, in the early 1990s, were drawn up with seemingly little influence from France, at least in the realm of national budget management.
- France's 1958 Constitution and 1959 Organic Budget Law had considerable influence on Cambodia's 1996 PFS Act and some influence on Lao PDR 1994 State Budget Law. In amending these laws in 2008 and 2006/2015 respectively, Cambodia retained several of the France-influenced legal provisions for budgeting, whereas Lao PDR's amended State Budget Law was heavily influenced by Vietnam's 2002 State Budget Law (as amended in 2015), whose influence stemmed from the Communist Party philosophy of "unified management on the principle of democratic centralism". Thus, Vietnam's 2015 State Budget Law assigns the Government and/or the Prime Minister (not only the Minister of Finance) certain budget management responsibilities.
- France's 1962 Public Accounting Regulations had some influence in Cambodia and Lao PDR. The National Treasuries of the Asian countries have benefited from French advisors in public accounting, either from France or from the IMF. All three Asian countries have opted for a centralized system of government banking arrangements, accounting and payments, broadly comparable to that of France.

France's budget and accounting system operative of 1960 is unlikely to have been used in French Indochina up until 1954. This is because France's 1958 Constitution and 1959 Organic Budget Law were intentionally adopted to bring in a "new order" in France following a period of government and parliamentary instability. The 1958 Constitution diminished the budget powers of parliament versus those of government, notably Parliament's budget amendment authority.

After independence – and the end of the Vietnam War -- Cambodia, Lao PDR and Vietnam each adopted a Constitution fitting with their new governments' aspirations. Today's budget and PFM systems in Cambodia,

---

[11] All four countries were unable to produce monthly cash-based revenue and expenditure outcomes for each ministry. In France, after end-year, class 10 of the COA was used for producing expenditure outcomes on a cash basis. In-year expenditure data was on a "payment orders issued" basis, not on a cash basis.

Lao PDR and Vietnam appear to be largely influenced by the legal framework and operational procedures put in place since the 1980s, not that of France in the pre-1958 period. To the extent that French advisors assisted the governments to implement a "modern" budget and PFM system, some influence from France has occurred. Through its PFS Law, Cambodia was influenced by France's 1959 Organic Budget Law, whereas the budget management systems in Lao PDR and Vietnam are either largely "home-grown" or influenced by the PFM systems of other countries. Further research is needed to ascertain the extent of influence from the USSR and/or China on the budget and PFM systems of Cambodia, Lao PDR and Vietnam.

Finally, although differences between the budget and public financial management systems of France and the three Asian countries were very marked during 1958-2005, it is possible that in the past decade or so that the systems have converged somewhat. This is because all four countries – France, Cambodia, Lao PDR and Vietnam – are adopting budget and PFM reforms that move their countries' budget and PFM systems to those aligned with good international practices. Nonetheless, the various distinctive features of each country's budget and PFM systems identified in this chapter are likely to persist into the future.

Annex 1. Construction of Indices

Figure 1 – overall index

See Annexes 1 and 2 of chapter 8.

Half-point scoring

In a few cases, a half point was given for a situation that was somewhat close to France's "response". These cases are:

- Cambodia Question (Q) 8: 0.5 because its 1993 Law referred to the "general budget" and "special treasury accounts" but not "budget annexes".
- Cambodia, Lao PDR and Vietnam. Q13: 0.5 because Cambodia's 1993 PFS Law, but not its 2008 amended PFS law, specified that loan (proceeds) are included in annual budget revenues. Similar amendments were made in Lao PDR and Vietnam when their SBLs were amended and adopted in 2015.
- Cambodia Q 25: 0.5 because Cambodia's 1993 PFS law explicitly stated that annual budget laws estimated and authorized revenues for each year, but this phrasing was eliminated during the 2008 amendments.
- Lao PDR Q41: 0.5 because its 1996 State Budget Law made a distinction between "boundary limitations" and "supposition" expenditure appropriations; this article was eliminated in the 2006 State Budget Law revision.
- Lao PDR Q67: 0.5 because the State Budget Law states that the annual audit report can be divulged to the public after authorization of concerned State authorities (the law goes some steps towards requiring publication.
- Cambodia and Lao PDR Q70: Both countries' Constitutions allow Parliament to pass a vote of confidence in the Government. However, unlike in France, there are strings attached. In Cambodia, a 2/3rd majority is needed to dismiss a member of the Government or the entire Government. In Lao PDR, the President of State has the right to return the "no confidence" vote to the Parliament for reconsideration and a second "no confidence" motion adopted within 48 hours. 0.5 points in both cases.

Figure 2 – sub-indices

See Annex 2 of chapter 5.

List of References

The following documents and websites were used for preparing this chapter.

ASEAN

Lienert, Ian (2015), *Parliamentary Budgeting and Transparency in ASEAN Member States*, ASEAN Inter-Parliamentary Parliamentary Assembly, www.aipasecretariat.org/wp-content/uploads/2015/10/2015-October-Parliamentary-Budgeting-and-Transparency-Publication_web.pdf

Cambodia

Constitution, 1993

Websites

National Assembly: www.national-assembly.org.kh

Ministry of Economy and Finance: www.mef.gov.kh

National Audit Department: www.naa.gov.kh

Loi Régissant les Lois de Finance et le Système Budgétaire, December 28,1993

Public Finance System Law, as amended in 2008

Audit Law, amended 2006 (for English translations, see www.cambodianbudget.org/index.php)

Internal Regulations of the National Assembly of the Kingdom of Cambodia www.skpcambodia.com/Laws%20&%20Regulations%20of%20the%20Kingdom%20of%20Cambodia/Legislative%20Power/NA%20Internal%20Regulation_Eng.pdf

The Role of Parliament in Budgetary Oversight, Economic Institute of Cambodia, Parliamentary Centre Canada, Cambodia-Canada Legislative Support Project, Phnom Penh, January 2007.

France

See List of References for chapter 5.

Lao PDR

Constitution, 1991

State Budget Laws 1994, 2006, 2015

State Audit Law, as revised in 2012

National Assembly Oversight Law 2004

National Assembly: www.na.gov.la

Ministry of Finance: www.mof.gov.la

Vietnam

Constitution, 1992

State Budget Laws, 2002, 2015

State Audit Law, 2005

Resolution 387/2003 of the National Assembly

Parliament: www.na.gov.vn

Ministry of Finance: www.mof.gov.vn

State Audit Office of Vietnam: www.sav.gov.vn

Le Quan Thuan (2008) *La Réforme Budgétaire au Vietnam: La Maîtrise des Dépenses de l'État*, Doctoral Thesis, Paris University 1 (Panthéon-Sorbonne)

Government [of Vietnam] (2013), Public Financial Management Performance Assessment 2012, www.pefa.org/en/assessment/files/1205/rpt/9497

World Bank (2014a) Revising Vietnam's state budget law (2002): Proposals drawing on international experience, Policy Note 91882 http://documents.worldbank.org/curated/en/2014/04/20334144/revising-vietnams-state-budget-law-2002-proposals-drawing-international-experience

World Bank (2014b), A Review of Fiscal Decentralization in Vietnam – Summary Report, http://www.fetp.edu.vn/en/news-events/on-campus/fiscal-decentralization-in-vietnam-achievements-to-date-and-ideas-for-ref

Chapter 8

Armenian Parliamentary Oversight in Transition? The Evolution of Parliamentary Control Over Public Spending in Post-Soviet Armenia

Hamazasp Danielyan

The Republic of Armenia has been a member state of the International Organization of the Francophonie since 2012, the only post-soviet country to become a member of this organization, apart from Moldova. French is neither an official language nor even the second or third most popular foreign language in Armenia, so why a member of *La Francophonie*? This can be explained by the presence of a large and organized Armenian community *in France* together with continuous and extensive connections between the two countries since the early middle ages[1]. Regardless, it is clear that the French parliamentary system has had at least an influence on the design of Armenia's political system, especially during the early period of Armenia's independence. More specifically, the French semi-presidential system was chosen as the role model when Armenia was designing its own constitutional system. The main principles of separation of powers were designed following the principles of the French Republic, but also the names of certain institutions were copied, most notably the name of the parliament, the National Assembly (or *Azgayin Zhogov*). However, there is little evidence of the French approach to public financial management.

While budgetary oversight attracts special attention in legislative strengthening literature, and is considered by some scholars to be the most important area of legislative oversight (e.g. Stapenhurst, 2008a: 51), there has not been any consideration of legislative oversight in Armenia. This chapter addresses this shortcoming by describing and analyzing the evolution of budgetary oversight in Armenia. In doing so, the chapter comprises two parts. First, it provides the overview of the formal-institutional development of parliamentary oversight in Armenia over the past 25 years, identifying the historical phases in the development of parliamentary oversight. In the second part, the Chapter attempts to measure the "power of the purse" during these historical phases by utilizing existing Wehner's (2006) Index of Legislative Budget Institutions for ex-ante oversight and Stapenhurst's index of ex-post legislative oversight tools (2011). The aim of this exercise is to locate and compare both ex ante and ex post powers of the Armenian parliament across time as well as with other legislative bodies, and to question the transitional paradigm (Carothers, 2002), according to which the observed weakness of Armenian parliament, along with many other post-communist countries, is temporary and explained by the transitional period, a linear process that inevitably will establish a more democratic and effective parliament.

[1] Originating in the early Middle Ages between the Armenian kingdom of Cilicia and Frankish crusaders

The evolution of the institutional framework

A review of the legal-institutional framework for parliamentary oversight over public spending in Armenia reveals three main phases. The late 1980s are considered as the point of departure, when the country was still one of Soviet republics. This phase, although not representative of an independent Armenia, is included in the analysis to serve as the baseline for considering the evolution of its institutional framework.

A second phase (1990-95), the transition, is typified by the initial experiments in redesigning the political system in the early years of independence (1990-1995). The adoption of the Constitution in July of 1995 considered the starting point of the third phase, when the institutional framework was further systematized and specified. The amendments to the Constitution of 2005 brought some additional changes to the area and can be considered as a distinct phase (fourth) that has lasted until 2015.[2] This phase was signified by the redesign and further institutionalization of the legal framework with an increased influence of the international norms and practices.

Phase one: Legislative oversight in the wake of the Soviet Union collapse

Before regaining its independence, Armenia was one of fifteen soviet republics. Although the USSR had a parliamentary system, its legislative bodies (Supreme Council, in Russian *Verkhovnii Soviet*) at all levels (union, national, and local) were characterized as weak institutions with only nominal capabilities to implement their functions. Using Polsby's (1975) definition, these were the archetype "rubber stamp" legislatures. For example, the last version of USSR's Constitution (adopted in 1977), acknowledged only one of the legislative oversight tools[3] common elsewhere in the world, namely the right of deputies to ask questions to executive institutions[4].

In the framework of the political reforms initiated by M. Gorbachev, the amended version of this Constitution recognized some additional rights to the Supreme Council, including budget oversight[5]. However, these institutional reforms were mostly perfunctory and short lived due to the subsequent collapse of the USSR.

This overall underdeveloped legal framework, most importantly, coexisted with a political system that was dominated by the Communist party structures both de jure[6] and de facto and at all levels. It was a common practice that even the rare plenary sessions in the Supreme Councils were conducted in accordance with preliminary written scenarios designed by party leaders. In short, the real power of purse never resided within

---

[2] Armenian went through major changes of government system: as a result of the changes of constitution in December 2015, from semi-presidential Armenia gradually becoming parliamentary system. In April 2nd , 2016 new parliament will be elected and after 2018, when the term of current president will expire, will become parliamentary system.

[3] For review of oversight, tools see Yamamoto, Hironori (2007) *Tools for parliamentary oversight. A comparative study of 88 national parliaments*. Geneva: Inter-Parliamentary Union.

[4] Article 105 of the Constitution of the Union of Soviet Socialist Republics adopted October 7, 1977.

[5] For example the appointment the chair of newly established Control Chamber of the USSR, Article 113.4 of the Constitution from the amendments of December 26, 1990.

[6] (In)famous Article 6 of the Constitution declaring the Party to be the "leading and guiding force of Soviet society and the nucleus of its political system, of all state organizations and public organizations".

the Supreme Councils of the Soviet Republics. The party and executive institutions residing in Moscow centrally designed the budget of USSR (including public spending for separate republics)[7].

Despite this lack of power, the Supreme Councils often became the initial arenas from which political transformations began in Soviet republics. The Supreme Councils were also the basis for subsequent national parliaments. In Armenia, the first multiparty elections were conducted in August of 1990. As a result of these elections, the representatives of the Communist Party were outnumbered in the newly formed Supreme Council. This was the last convocation of parliament for Soviet Armenia and the first convocation of parliament (*Geraghuin Khorhurd*) for the Republic of Armenia (RA). Armenian independence was declared a year later, and the legislature gradually departed from the soviet legislative framework.

Phase two (Transition): First attempts of regulating parliamentary oversight and budgeting

Even though some of the formal regulations remained unchanged from Soviet legislation, in the early years of independence, two important factors make this period as a distinct phase. First, national sovereignty allowed the authorities of the Republic of Armenia to independently make decisions on the budget for the first time. Second, the removal of the dominant party from the political system, and the creation of a multiparty composition of the legislative body allowed discussions on the topic of parliamentary oversight and also provided space for implementing such oversight. It is indicative that the convocation of 1990-1995 remains, (a) the most politically representative in terms of the number of elected parties and groups; (b) the only one since independence during which oppositional deputies were significantly represented in the positions of standing committee chairs (see Table 1), including the budget committee.

These two factors encouraged the parliament to increase its role by introduction of at least de jure powers, including by introduction of number of oversight tools and mechanisms. The *RA law on standing and ad hoc committees of the Supreme Council* (adopted November 14, 1990) was one of the first steps in this direction and made parliamentary committees permanent and specialized bodies. In particular, it specified that committees should:

(a) Oversee the work of governmental agencies (Articles 1, 2);
(b) Table reports and recommendations that resulted from regulatory oversight, which should be mandatorily discussed by respective bodies, while the results of these discussions should be reported back to committees (Articles 16, 20, 21);
(c) Make inquiries from officials, who are obliged to participate in committee meetings, provide testimonies and documents in a defined timeframe (Articles 18, 19);and
(d) Involve external experts in the works of the committee and pay for such involvement where necessary (Article 22).

[7] For more details on institutions and practices International Monetary Fund (1991) *A study of Soviet Economy*, Vol. 1, pp. 258-260.

Table 1. Political party affiliation of chairs of standing committees

Convocations (years)	Ruling Party MPs	Non-partisan MPs	Opposition MPs	Total
Supreme Council (1990-1995)	4	3	10	17
National Assembly 1 (1995-1999)	5	1	0	6
National Assembly 2 (1999-2003)	3	2	1	6
National Assembly 3 (2003-2007)	4	2	0	6
National Assembly 4 (2007-2012)	9	0	0	9
National Assembly 5 (2012-current)	8	0	4	12

The Supreme Council also competed with the executive for "the power of the purse". Parliament's widened powers in budgeting were reflected in the Article 10.5 of RA law on Supreme Council (adopted November 18, 1991). It recognized that parliament: (a) adopts the budget; (b) oversees implementation of the budget; (c) approves the reports about implementation of the budget; and (d) makes changes to the budget.

However, these regulations did not automatically translate into real power. A significant factor was the lack of experience and understanding of parliamentary oversight and budgeting among Members, which resulted in provisions that were vague and did not provide underlying mechanisms for implementation.

A vivid example that came later is the establishment of a supreme audit institution (SAI) in Armenia, the *Control Chamber of the National Assembly*. Despite the existence of the already mentioned legislative provisions of 1991, reserving wide powers for the parliament in ex post budget oversight, the law regulating the work of the Control Chamber was adopted only in 1994, and even then the law was never implemented due to time constraints. The drafting and adoption of the new constitution was already underway at that time. The constitution was adopted in 1995, followed by the design of a new legal system. As a result, the Control Chamber was established only in mid-1996 and was based on a completely new law and newly adopted Constitution.

Overall such slow and gradual attention to oversight issues was observed in other post-communist parliaments. It was explained by the need to concentrate on the development of the overall political and economic systems and constitutional design in these countries during the early years of transition (Olson, 2004: 17, 21).

Phase three (Institutionalization): The establishment of the new political system and the role of the parliament

With the adoption of the Constitution in 1995 the formalization of relations between branches of government was finalized in Armenia. Although considered to be a semi-presidential system modeled on the

example of the French Republic (Poghosyan, Tovmasyan 2005: 7-13), in reality Armenia ended up with the establishment of a political system that had many key features of super-presidentialism observed in the Russian Federation (Holmes, 1994: 123) and most of the other post-soviet countries. Such a system allowed all three past Armenian presidents to effectively control the majority of seats in parliament regardless of their political belonging[8].

In addition to this super-presidential system starting from the late 1990s, the consolidation of multi-party system[9] was observed in Armenia and, what eventually emerged after the 2012 elections was a single dominant party[10] (*see phase four for the details*).

Besides the above-mentioned political factors that hindered the implementation of effective budgetary oversight, during this phase, the Constitution and legislation further specified the regulation in this area. Some of those were at the expense of initially declared parliamentary powers.

In terms of parliamentary oversight over public spending, the Constitution reaffirmed both the ex ante and the ex post roles of the parliament (renamed into the National Assembly). The ex ante role of the National Assembly compared to the provisions of the law on the Supreme Council of 1991 but was further specified and limited: the Constitution of 1995 envisaged parliament's power of amendments to the point that it could only accept or reject the budget (Article 76). Committees, factions and MPs were reserved the right to only make suggestions in the draft budget. The cabinet received the power to accept or reject those suggestions and initiate votes of confidence (Article 90). In this regard, the design of the Armenian system is close to the regulations found in Westminster-type legislative bodies. This type of parliament was considered to have less influence over the budget (Stapenhurst, 2008: 55), therefore consider this provision another factor negatively effecting the role of the National Assembly.

In theory, parliament also had the right to amend the already adopted budget. However, the role of the National Assembly was also insignificant, as the data showed that the cabinet was the initiator of all 12 cases of budget revisions adopted since 1995. Over time the frequency of such initiatives decreased, which might be an indication of either increased self-confidence of the government to not seek the approval of parliament, even in cases of changes in the lines and provisions in the existing budget law. Alternatively, it

---

[8] The first and third Armenian Presidents belonged to the political party controlling majority of the seats, while second was nonpartisan enjoying the support of number of parties joined in ruling coalitions. The only two brief episodes of cohabitation, i. e. when President did not have the support of majority in the parliament, lasted less than few months. The first of such episodes ended with the resignation of the first President in early 1998. The second episode was resolved after 1999 October 27th shootings in the parliament leaving the Speaker and Prime Minister dead, along with other deputies and the dismantling their political force controlling parliament. After this attack it took few months and number of executive appointments of deputies representing various parties for the second President to form loyal majority in the parliament.

[9] In different post-soviet countries different outcomes were observed. In some multiparty system was established/consolidated, in few others parties were banned, while thirds has dominant party system, i. e. single party was dominant in the system and controlled the parliament for long period of time. In case of Armenia, in 90s and 2000s there were number of parties that formed coalitions to be able to execute majority in the parliament. One of those that was part of coalitions since mid 90s, gradually increased its influence and eventually was able to consolidate and starting from 2012 fully controlled majority in the parliament. Moreover, its resources, including abuse of public/state resources, enabled it to gain such dominance, that no other party was able to seriously compete for taking over the majority.

[10] According to some researchers, party consolidation was observed as a result of superpresidentialism. See for example Ishiyama and Kennedy (2001).

might be a sign of increased capacity of the cabinet's ability to plan, design and implement budget in a way that required fewer changes.

For implementation of the ex post functions, the Constitutions designated the SAI to be a professional body that would be adjunct to the parliament. By law, the Control Chamber of Armenia's National Assembly (its SAI), it was also mandated "to provide committees and deputies methodological and professional assistance" (Article 2.4), thus at the same time assuming the function of a parliamentary budget office.

RA's law on budgetary systems (adopted in 1997) and the Rules of Procedures of the National Assembly (adopted in 2002) were two other core pieces of legislation regulating the role of the parliament in the budget cycle. In particular, those laws specified the procedure of budget deliberation and approval, the timing of submission of cabinet's quarterly and annual budget implementation reports, the role of the parliamentary budget and sectoral committees in deliberations of the draft budget and budget implementation report, etc. As each of those documents were amended at least a couple dozen times since the adoption, only existing provisions on the above mentioned areas are included in this analysis and can be found in the next section.

The most notable was the regulation of the ex post budget oversight role. Constitutionally, parliament has the right to review and approve the annual reports of budget execution. Further specification was done through the Rules of Procedures of the National Assembly. Its Article 89.6-8 indicated that in case the budget executive report is not approved, the cabinet and parliament had the right to initiate a vote of confidence. In cases when such measures are not initiated or passed, the budget execution report would be considered to be approved by the parliament.

Phase four (further institutionalization). Externally motivated reforms and the emergence of a dominant political party system

The constitutional amendments of 2005 were designed under the premises of improving the balance of powers and bringing constitutional law in line with European standards. In 2001 Armenia became a member of the Council of Europe and was obligated to harmonize national legislation with the standards of the organization. Those obligations were mostly about expanding the political rights and civil liberties and did not include specific provisions in the area of parliamentary oversight over the budget[11].

With regards to budgeting, the notable change in the Constitution was the renewed status of the Control Chamber (Article 83.4), which was taken out of the National Assembly structure and redesigned to be serve as an independent body. As a result of this, the president received the right to nominate a candidate to chair the Chamber for the approval of parliament. The other change, reflected in the new law on Control Chamber (adopted in 2006) was that an annual report of the Control Chamber was not required to be approved by the

[11] These obligations are reflected in the reports produced by respective committee of the Parliamentary Assembly of Council of Europe, http://assembly.coe.int/Main.asp?link=/CommitteeDocs/ComDocMenuMonEN.htm.

parliament. Previously if the report was not approved by the parliament, the chair of the Chamber could be voted out of the position.

Besides these reforms—and in some cases as a result of—the consolidation of a party system took place during this contemporary phase. After the most recent, 2012 parliamentary elections, for the first time the National Assembly was dominated by a single party. Moreover, the ruling party, the Republican Party of Armenia (RPA), has also been considered notable for its members' exceptional party discipline[12.]

Table 2 provides more details on this gradual but largely stable process of party consolidation that was observable for the recent two decades or so. For example column B testifies a clear trend of increase in the proportion of MPs that are members of ruling parties. The figure raised from approximately 35% during the early 1990s to over 80% in 2012. The only decline of proportion occurred after the election of the current parliament (to a little over 60%), however it should be noted that this proportion of seats was achieved by a single party (see column C for the number of ruling parties).

Column D reflects another aspect of this trend, namely the establishment of stable parliamentary parties with fewer cases of MPs changing their loyalty (from over 130 cases during the first convocation to only 3 cases during current convocation[13]).

High incumbency rates, that reached to almost 50% for current convocation, i.e. every second MP is being reelected, proves that parties were able to form a loyal and stable cadre to be represented at the legislative body. This process, to some degree, resulted from a constant increase in the proportion of party list seats at the National Assembly (column F in Table 2), which gave more leverage to control for parties as well as incentivized individual MPs to form groups.

Table 2. Main trends indicating party system consolidation in Armenia

	A	B	C	D	E	F
Convocation (Years)	# of factions	approximate % of MP members of ruling parties	# of parties in ruling block/ coalition	approximate # of MPs at least once changed factions during the convocation	% of incumbency	total # of MPs (party list/FPTP)
Supreme Council	>12	<30	1	<130	N/A	260 (0/260)
National Ass.'95	7	<40	7	<60	29.3	190 (40/150)

[12] For example during the current convocation according to the parliament monitoring watchdog Mandat NGO, over 99.5% of votes across all issues were similar among 70 MPs representing RPA. For details visit webpage on legislators' votes http://parliamentmonitoring.am/fraction/1.html#.Vb_La_l9aio

[13] Data reflected in the table is as of January 1st, 2015. The table is adapted from: Danielyan (2014) The political elite of post-independence Armenia. Characteristics and patterns of formation.

	A	B	C	D	E	F
National Ass.'99	10	<50	from 2	<30	32.3	131 (56/75)
National Ass.03	7	<55	from 2 to 3	<20	45.2	131 (56/75)
National Ass.07	5	<80	from 3 to 4	<5	46.1	131 (90/41)
National Ass.12	7	<60	1	<3	49.2	131 (90/41)

As in many other countries, the existence of a dominant political majority with strong party discipline in parliament is another core factor weakening the ability of the legislature to influence the budget (Stapenhurst, 2008: 56).

The presentation and discussion of four phases facilitates general understanding of the evolution of the current nature of budget oversight practices in Armenia. In order to put things into perspective, i.e. to compare the power of purse of the parliament within these phases, as well as to compare the Armenian parliament with other parliaments, these four phases will be measured against the two main indices that are most commonly used in the literature.

Measuring the power of purse of Armenian Parliament

The Index of Legislative Budget Institutions proposed by J. Wehner (2006) measures the role of parliaments in the budget formulation phase and serves as a toolkit for comparative studies of parliaments. However, since Wehner's index was largely concentrated on the measurement of the legislatures role during budget formulation, i. e. ex-ante budget process, Stapenhurst and Jacobs introduced a separate index that measures legislatures roles in budget scrutiny and oversight i. e. ex-post budget process that was entitled the Index of Legislative Oversight Tools (Stapenhurst and Jacobs, 2015). Both of these indices will be utilized.

Measuring ex-ante budget powers

Chronologically, the first index is measuring the ex ante budget process and consists of six clear and measurable variables[14]. These variables reflect two main aspects of the legislative role in the ex ante budget process:

(a) **Formal powers** (variables: *Amendment Powers, Reversion (cost of none approval), Executive's Flexibility*); and

(b) **Organizational capacity** of legislatures (variables: *Time for scrutiny, Committee capacity, Research Capacity*).

[14]For detailed description of this index and its methodology see Wehner, Joachim (2006) Assessing the power of the purse: an index of legislative budget institutions. Political Studies, 54 (4). pp. 767-785.

Table 3 reflects the Armenian parliament results. It demonstrates that the overall *formal power* of parliament has slightly decreased after the adoption of the constitution in 1995. Before 1995, at least on paper, the legislature has an unfettered, albeit rarely used, power of budget amendments (*therefore, a maximum of 10 points were allocated*). After 1995 these powers were limited to the most constraining option that gives a legislature choice, either to approve or reject, the whole budget submitted by the executive (*therefore the minimum 0 points were allocated*).

With regards to the consequences of not approving the budget, however, the Armenian Constitution of 1995 and its related legislation have enabled the legislature to increase its nonexistent budget approval power. Before, this had been an unregulated area since non-approval had meant that the executive would operate the budget based on the previous year's budget (*therefore from 0 to 6.7 points after 1995*), which is considered to be the next most powerful practice after the banning of public spending by the executive in cases in which there is not approval from the legislators (Wehner, 2006: 84).

Flexibility of the executive during the implementation of the budget consists of three main components all three of which have been available for the Armenian government during all four phases. There are regulations and practices in place that enable both the reallocation of certain approbations and the withholding of appropriated funds without parliament's approval. While utilization of funds from the national reserve fund has become, especially after 2008, a common practice of consecutive governments (*0 points for all four phases as all three criterion of legislative control over budget implementation were absent*).

The formal legislative authority of the Armenian Parliament has been weak during the whole period, scoring only 6.7 points out of possible 30. In this regard, the organizational power of the parliaments is comparably better, although a significant decline has been recorded after the 2005 amendments to the Constitution.

Table 3. Index of Legislative Budget Institutions at various phases

Phases	Years	Formal Legislative Authority			Legislature's Organizational Power			**Index of Legislative Budget Institution**
		Amend-ment Powers	Reversion (cost of non-approval)	Execu-tive's Flexibility	Time for scrutiny	Committee capacity	Research Capacity	
Baseline	1980s	10	0	0	0	0	0	**16.0**
Transition	1990-95	10	0	0	0	3.3	2.5	**25.3**
Institution-alization	1995-05	0	6.7	0	3.3	6.7	5	**34.7**
	05-	0	6.7	0	3.3	3.3	2.5	**25.3**

These changes have had a negative effect on the organizational capacity of the parliament in two ways:

(a) the “elevated” status of the SAI and the mechanism for appointing its chair did not guarantee independence. On the contrary, these changes provided an opportunity for the president and cabinet to be in direct contact with body and, in case of necessity, to intervene in its work[15]. Therefore, the National Assembly lost control over the body that used to implement ex post audit for the legislative body, with no alternative institution within the parliament that could implement the function. The standing committee on Financial Credit and Budget Issues remained the only institution within the parliament that would be responsible for providing professional services related to the budget. It should be noted that in addition to it functions that are similar to Public Account Committees, this committee performs the functions of one of the twelve sectoral committees and has the same number of staff as other committees (from 6.7 points in the committee capacity variable during the phase 3 it was decreased to 3.3 during phase four reflecting the removal of audit institution from the parliament).

(b) with the departure of the Control Chamber, parliament was deprived of expert capacity that, by law, was also responsible to serve the needs of committees and experts. The remaining human resource functions of the parliament are largely centered around the standing Financial Credit and Budget Issues Committee that also functions as a budget office. With three permanent employees, this committee prepares non-binding opinions on draft budget and budget execution reports, as well as summaries[16] of those documents to be delivered across the parliaments (from 5 points during the phase 3 was decreased to 2.5 reflecting the number of staff members performing tasks in regards of budget analysis).

Finally, one more important limitation exists: During the whole existence of the parliament, its Budget committee was led by the representative ruling party. It has been observed by the specialists (Jacobs, 2012: 10) that as long as such committees’ work were dominated by party politics, and the primary function is not budgetary oversight, such committees effectiveness will be limited[17].

As for the time for scrutiny of the budget, since 1995 the Armenian National Assembly has had at least three months in advance of the fiscal year[18], while before it the period was limited to less than two months (therefore qualifies for 2.5 points for last two phases and 0 points for phases before 1995).

---

[15] The most notable instance of such intervention made to public was the meeting initiated by the president Sargsyan in June 2013, following Control Chamber's annual report. where the chair was criticized and advised to reconsider his style of work. The transcript of the meeting is available at the official website of president http://www.president.am/en/press-release/item/2013/06/29/President-Serzh-Sargsyan-had-a-meeting/ , while the implications of the meeting is covered in the article: http://www.armenianow.com/commentary/analysis/50029/armenia_ishkhan_zakaryan_control_chamber_head_reelection_lawmakers

[16] This is related to the volume of the both documents with accompanying packages, which as a rule exceed thousand pages.

[17] It was impossible to indicate when was the last instance of this committee used any of available tools (questions, interpolations, witness testimony, ad hoc committees, inquires and preparation of reports and etc.) to oversee budget implementation.

[18] January 1st is set as the beginning of fiscal year in Armenia, while the draft of the budget should be submitted at least 90 days prior to January first. Article 79.2, Rules of Procedure of the National Assembly.

Measuring ex-post budget powers

In comparison to the ex-ante index, the index on ex-post legislative tools reflects a clear pattern of development of the legislative body, which continues to increase both in the number and in the power of oversight tools.

During phase one there were almost no real oversight tool, therefore the unfettered power in budget formation and oversight remained largely just a declaration. The only real tool available for an MP was to question the executive. Already during the first months of independence, some improvements were observed. As described above with the adoption of the law establishing standing and ad hoc committees, legislators were able to specify the work of committees, including provisions for implementing oversight functions. After 1995, regulation for the creation of special ad hoc committees was also introduced. There were several instances of fragmented utilization of this tool, starting from the late 1990s, while the most recent committee was created in 2014.

The other improvement from the 1990s was the introduction of questioning time and enabling MPs to ask questions to the executive. Although during the third and fourth phases, clear regulations for interpellations were also introduced by parliamentary factions. The potential of this tool remains to be utilized, especially with regards to using it to elevate the debate on certain issues of public spending to the plenary.

Table 4. Index of ex-post legislative tools at various phases

		Comm-itees of Inquiry	Questions	Debates	Impeach-ment	Ombuds	Supreme Audit	Staff & research	FOI law	**Index score**
Baseline	1980s	0	1	0	0	0	0	N/A	0	1
Transition	1990-95	1	2	1	0	0	0	N/A	0	4
Institution-alization	1995-05	2	2	1	0	0	2	N/A	1	8
	05-	2	3	1	2	2	1.5	N/A	1	12.5

No comparative data available on this aspect but in terms of staffing and content almost nothing changed since 1990s.

After the 2005 amendments to the constitution, clear, albeit limited, regulations were designed to implement impeachment for the head of the executive. The same amendments also created the institution of the ombudsperson that would be elected by the MPs, but have significant independence from the latter to carry out its functions. The established practice, however, is that the office of ombudsman is not directly involved in budget discussions.

As discussed above, the SAI, Control Chamber, was created after the adoption of the constitution in 1995. It was not only formed by the National Assembly, but also was accountable to it and should provide periodic

reports. After the above-discussed amendments in the constitutional regulations of the SAI, it was redesigned as a fully independent body. It still reports to the National Assembly, but the appointment of its head is done by the cooperation of executive and legislative branches[19].

There is no reliable information regarding staff and research capacity (the seventh variable). As for the law on freedom of information (the eighth variable), it was adopted by Armenia in 2003, and is being utilized quite frequently by, not only the MPs, but also the general public due to its simple and citizen-friendly regulations.

This very brief listing of main oversight tools provides a good understanding of the evolution of the ex post powers of the Armenian Parliament. However, it does not mean that these tools are utilized with equal frequency and effectiveness. Most importantly, neither of the indices address the issue of political will.

Situation Pre-2016

In order to validate this conclusion about National Assembly budget powers, a study was undertaken to consider the most recent real-life display of parliament's ex ante power, i.e. look into the process of adoption of the 2014 annual budget and the role the legislature played in the amendments of the draft budget. For this purpose, the official document (*ampopatertik*) reflecting all the suggestions and recommendations submitted by parliament and cabinet positions on the suggestions was studied. The results also revealed some trends in the budget drafting practices in Armenia.

In total 326 suggestions were submitted by the parliament, the majority (52%) of which were submitted on behalf of political factions, while the standing committees submitted only 7% of those suggestions, and none were submitted by the budget committee. The remaining 40% of suggestions came from individual deputies. The negligible representation of branch committees reflects that parliamentarians' suggestions are predominantly motivated by the political interests of parties or deputies.

Out of those 326 suggestions only 19 (5.8%) were accepted, 42% from branch committees, 26% from factions and 32% from deputies. Out of 131 deputies, only 15 submitted any suggestion related to the budget and only two of them were able to convince the cabinet to allocate additional, albeit insignificant, funds benefitting their constituencies. Despite the inactiveness of committees, their suggestions had a better chance to be accepted by the cabinet. In regards to the factions, it was interesting to find that none of the ruling Republican Party of Armenia's faction suggestions (75 in total) was accepted by their party colleagues at the cabinet. In contrast, two suggestions were accepted from the smallest opposition faction although this was the second most active faction with 52 suggestions.

The influence of parliamentarians was even more limited on the draft budget in terms of the size of reallocations. All 19 accepted suggestions anticipated the reallocation of 1.8 billion AMD, or insignificant 0.15% of total funds to be dispersed through the 2014 budget.

---

[19] According to Article 83.4, the president nominates the candidacy of the head of SAI to be approved by the parliament.

Conclusion

The details of the most recent budget approval process vividly represent the role of the parliament[20]. It largely supports the conclusion driven from the index reflected in Table 3. In addition, this exercise allowed comparing Armenian parliament with other parliaments included in Wehner's study (2006). The results for the current phase of legislative oversight development put the National Assembly (with the score of 25.3) at the lowest quartile of selected cases, in between the parliaments of Australia (22.2), Canada (26.4), Israel (27.8), New Zealand (27.8) and Slovak Republic (27.8), all considered to be weak parliaments. As for index of ex-post legislative tools, the current phase of legislative oversight development would place the Armenian parliament in the upper half of the cases studied by Stapenhurst and Jacobs (2015), with the score of 12.5 and in the neighborhood of Austria (12.4), the Netherlands (12.5) and Uganda (12.6).

Besides that, the presented study indicates few revelations: first it shows that the so-called transitional period in this post-soviet country is finished. This transition was not a linear process, at least in terms of parliament's budget role, as there were periods when both formal authorities and organizational powers decreased as a result of institutional changes. This goes against the notion that the weakness of parliament is temporary, explained by the transitional nature of the system and with the institutionalization of reforms that will surely increase over time.

The second important finding is that regardless of numerous changes and revisions during independence, the Armenian parliament was a weak institution lacking power in the budget process. This has become such a systemic characteristic that deputies expressed the opinion that, even formally, the National Assembly has no role in allocating public spending and overseeing their implementation.

Finally, the methodology used in the Index of Legislative Budget Institutions reveals the areas in which the Armenian parliament can be improved, both in formal powers (legislative mandate) and in organizational capacity (availability of resources). This should be interesting especially for the political actors and international development practitioners involved in the efforts to increase the power and effectiveness of parliamentary oversight in public spending.

In addition, it should also be noted that a limitation of this study is that it does not reflect on the problem of political will among legislatures to implement effective oversight. Although considered very important (Pelizzo and Stapenhurst, 2014: 258), this aspect is missed from the equation due to the lack of systematic reliable data that would help to measure the level of political will among the deputies and the dynamic of change.

[20] In fact portion of appropriations made by the suggestions of MPs was so minor that it was not even visible on the pie chart, hence we did not include any graphs.

Timeline of Armenian Parliamentary Budget Oversight

1828 Treaty of Turkmenchay Eastern Armenia part of Russian Empire

1917 October Revolution

1918 Independence from Russian Rule

1920 Socialist Soviet Republic of Armenia

1922 Admitted to USSR

1990 Independence - First multiparty elections (communist outnumbered)

1990 RA Law on standing and ad hoc committees of the Supreme Council

1991 Art. 10.5 *RA* law - parliament adopts, oversees implementation, approves reports re implementation & makes changes to the budget

1994 Law regulating wider parliamentary ex post budget oversight power

1995 Adoption of the Constitution

1996 Control chamber established

1997 Adoption of RA's law on budgetary systems

2001 Membership to the Council of Europe

2002 Rules of Procedures of the National Assembly

2003 Law on Freedom of Information

2005 Amendments to the constitution

2005 Constitutional amendment to enable executive impeachment & ombudsperson established

2006 Law on Control Chamber (annual report approval not required)

2012 Member of the International Organization of the Francophonie

List of References

Amendments to the Constitution of the Republic of Armenia, adopted November 27, 2005

Constitution of the Republic of Armenia, adopted July 5, 1995

Constitution of the Union of Soviet Socialist Republics, adopted October 7, 1977

Carothers, Thomas (2002) The End of the Transition Paradigm. *Journal of Democracy*, 13(1): 5-21

Danielyan, Hamazasp et al (2014) *The political elite of post-independence Armenia. Characteristics and patterns of formation*. Yerevan: Edit Print

RA law on Control Chamber of Supreme Council, adopted March 15, 1994
http://www.arlis.am/DocumentView.aspx?DocID=164

RA law on Control Chamber of Supreme Council, adopted May 26, 1996
http://www.arlis.am/DocumentView.aspx?DocID=304

RA law on Control Chamber of Supreme Council, adopted December 25, 2006
http://www.arlis.am/DocumentView.aspx?DocID=90814

RA law on standing and ad hoc committees of Supreme Council, adopted November 14, 1990, available in Armenian at http://www.arlis.am/DocumentView.aspx?DocID=69

RA law on Supreme Council, adopted November 18, 1991, available in Armenian at
http://www.arlis.am/DocumentView.aspx?DocID=89

Rules of Procedures of National Assembly, adopted in February 20, 2002 available in Armenian at
http://parliament.am/parliament.php?id=bylaw&lang=arm#11

Holmes, Stephen (1994) Superpresidentialism and its problems. *East European Constitutional Review*. 2 (4) - 3 (1): 123-126

International Monetary Fund (1991) *A study of Soviet Economy*, Vol. 1, Washington D.C:

Ishiyama John and Ryan Kennedy (2001) Superpresidentialism and Political Party Development in Russia, Ukraine, Armenia and Kyrgyzstan. *Europe-Asia Studies*, 53(8): 1177–1191

Jacobs Kerry (2012) *The capacity and performance of Public Account Committees*. presented at IPSA Conference in Mardird, available at http://paperroom.ipsa.org/papers/paper_15349.pdf

Olson, David M. (2004) Administrative Review and Oversight: Trends in Parliamentary Oversight. In Riccardo Pelizzo, Rick Stapenhurst and David Olson (eds.) *Trends in Parliamentary Oversight*. Washington D.C: World

Bank Institute, 17-23, available at
http://siteresources.worldbank.org/PSGLP/Resources/TrendsinParliamentaryOversight.pdf

Pelizzo, Riccardo and Rick Stapenhurst (2014) Oversight Effectiveness and Political Will: Some Lessons from West Africa. *The Journal of Legislative Studies*, 20(2): 255-261

Poghosyan Vardan and Hrayr Tovmasyan (2005) *Hayastani Hanrapetutian Sahmanadrutian popokhutyunneri nakhagits. Hamarot parzabanumner* (transl. from Armenia: The draft of Amendments into RA Consitution. Brief overview). Yerevan

Polsby W. Nelson (1975) “Legislatures” *Handbook of Political Science*. Ed. Fred I. Greenstein and Nelson W. Polsby. Reading, Addison-Wesley, 257-319

Stapenhurst, Rick (2008a) The Legislature and the Budget. In Rick Stapenhurst, Riccardo Pelizzo David M. Olson and Liza von Trapp (eds.) *Legislative Oversight and Budgeting*. Washington D.C: World Bank Institute, 52-65

Stapenhurst, Rick (2008b) Tools for Legislative Oversight: An Empirical Investigation. In Rick Stapenhurst, Riccardo Pelizzo David M. Olson and Liza von Trapp (eds.) Legislative Oversight and Budgeting. Washington D.C: World Bank Institute, 9-28

Stapenhurst, Rick and Kerry Jacobs (2015) Redux: assessing the power of the purse: developing an index of ex-post legislative oversight tools. Unpublished.

Virabyan, V. H. (1989) *Zhogovrdakan deputatneri aktivutyan bardzracman mi qani hartser* (transl. from Armenia: Issues on increasing the activeness of people deputies). *Lraber: Hasarakakan gitutyunner* # 5: 19-26

Wehner, Joachim (2006) Assessing the power of the purse: an index of legislative budget institutions. *Political Studies*, 54 (4): 767-785

Yamamoto, Hironori (2007) *Tools for parliamentary oversight. A comparative study of 88 national parliaments*. Geneva: Inter-Parliamentary Union, available at
http://www.ipu.org/PDF/publications/oversight08-e.pdf