WP/07/78

IMF Working Paper

British Influence on Commonwealth Budget Systems: The Case of the United Republic of Tanzania

Ian Lienert

INTERNATIONAL MONETARY FUND

 WP/07/78

IMF Working Paper

Fiscal Affairs Department

British Influences on Commonwealth Budget Systems: The Case of the United Republic of Tanzania

Prepared by Ian Lienert[1]

Authorized for distribution by Michel Lazare

April 2007

Abstract

Several features of Tanzania's budget system find their roots in the arrangements inherited from the United Kingdom. These include a legal framework that emphasizes accountability; a cabinet of ministers with strong budget decision-making powers; a parliament with very limited budget powers; and a similar external audit organization. In both countries, budget execution is decentralized to individual ministries, with accounting officers responsible to a parliamentary accounts committee. These similarities are blended with contrasts, including in Tanzania: a presidential system of government, one dominant political party, a written constitution, and some fragmentation in central budget decision-making within the executive.

JEL Classification Numbers: E62, H11, H30, H50, H61, H83, K10, K40, P48, P51

Keywords: budget, legislature, executive, constitution, law, Minister of Finance, Chancellor, Exchequer, Permanent Secretary, Accounting Officer

Author's E-Mail Address: ilienert@imf.org

[1] The author is especially grateful to Thanos Catsambas, Richard Allen, Keiko Honjo, Justin Tyson (all IMF), Mike Stevens (World Bank), and Andrew Lawson (ODI, United Kingdom), who provided useful comments on an earlier version of this paper, as did the Tanzanian authorities, notably Mr. Khijjah (Ministry of Finance) and the office of the auditor general in Tanzania. Any remaining errors are the author's.

Contents Page

Appendices

"Much more needs to be done at each stage of the [Tanzanian] budget process to ensure that parliament is an effective accountability mechanism"
Tanzanian Members of Parliament, 2005

"Public policy [in the United Kingdom] has never been frustrated by Parliament's control or indeed by any rigidity or limitations in the system"
Sir Herbert Brittain,[2] 1958

I. Introduction

The first citation above—taken from a survey of parliamentarians' perceptions of the budget process in Tanzania (Mmari et al., 2005)—illustrates the frustration that parliamentarians experience in not having an effective voice in budget decision-making. Is this a result of the British influence on Tanzania's present budget system? The second citation illustrates that the same frustrations in Tanzania in 2005 were present in the United Kingdom in 1958. One feature of institutional arrangements in both countries is that parliament has limited ability to alter the public policies that determine the shape and size of the government's budget. In the United Kingdom, studies reiterate that the putative "supremacy of parliament" in budget matters needs to be enhanced (Brazier, 1999; Brazier and Ram, 2005; Ram, 2006; Hansard, 2001; and Sharman, 2001).

Although there is widespread concern that parliaments have lost their voice in budget decision-making (Schick, 2002), cross-country studies show that the budgetary power of parliament in countries of Westminster inheritance is particularly weak (Lienert, 2005, Wehner, 2005). The parliamentary public accounts committee (PAC) in the United Kingdom exists since the 1860s, although it was never intended for the PAC to have ex ante budgetary powers—but only powers to examine the budget ex post. It is unsurprising that in the 1960s calls were made to strengthen the role of the PAC, so that its "work could increasingly impart the right kind of stimulus to the executive (Plowden, 1961)."

The relative weakness of parliament's budgetary powers in Westminster countries results in part from the lack of separation of political power between the executive and legislature. In particular, the leaders of the governments in these countries are always members of parliaments. Does this mean that any country of Westminster inheritance has a similar skewed distribution of budgetary power? Can the structure and operational procedures of the executive and the legislature be changed so as to strengthen the responsibilities of the legislature—particularly the house of *elected* representatives who are accountable to citizens? These are just two questions that could be asked with respect to Tanzania's budgetary institutions, which, like those of the United Kingdom, have evolved over the past 50 years.

A principal aim of this paper is to provide a description of the U.K.'s influence on Tanzania's budget system, by examining the institutional arrangements prevailing in both countries. The constitutions and laws underlying the budget systems of both countries are examined in

[2] See p. 272, Brittain (1958).

Sections II and III. The similar institutional features of the parliaments of both countries—particularly the weak budgetary powers of the legislature—are examined in Section IV. The role of political parties is also examined. The differing roles of the head of state in the two countries sets the context for a fuller discussion of the strong budgetary powers enjoyed by the executive of both countries (Section V). Section VI examines the similarities of external audit arrangements.

A secondary aim is to provide an overview of the evolution and performance of the budget management systems in both countries. Although there is research that establishes that institutional rules and politics are closely linked to budgetary outcomes (see, for example, von Hagen and Harden, 1996; Hallerberg, Strauch, and von Hagen, 2004; Fabrizio and Mody, 2006), these analyses do not focus on how the putative links change over time. Nor does this paper attempt to isolate causality between the evolution of public financial management systems and budgetary outcomes of both countries. Rather, Section VII is confined to summarizing recent budgetary performance in the two countries relative to that of comparable countries, some of which have not exhibited strong commitment to fiscal discipline. Political commitment is perhaps the most fundamental determinant of good fiscal performance (see, for example, von Hagen and Harden, 1995; Debrun and Kumar, 2007) .

It is also beyond the scope of this paper to discuss the budgetary arrangements prevailing in British colonies of the 1950s—such as those of Tanganyika.[3] Clearly, the Tanzanian budget system is influenced by the budgetary system that Britain exercised, via its governors in East African colonies. A fuller historical investigation would examine the extent to which the colonial budget system deviated from the "original" British budget system.

II. Contrasts and Similarities of Constitutional Powers

This section examines the similarities and differences in the constitutions, the structure of parliament and of government, and the constitutional budgetary powers of the two countries.

A. Unwritten Versus Written Constitutions

The United Kingdom does not have a written constitution—one overarching law to guide all other laws. This does not mean that a constitution does not exist. On the contrary, the U.K. constitution is "a hodgepodge of statutes, case law, and miscellaneous rules which are, so it said, made intelligible by reference to a number of conventions of uncertain scope and inconsistent application" (p. 145, Barendt, 1997; see also, Daintith and Page, 1999). The unwritten constitution, which still evolving, has provided a basis for stability and authority in a way analogous to the written constitutions in other countries.

In contrast to the United Kingdom, the United Republic of Tanzania adopted its "permanent" Constitution in 1977 (see Tanzania, 1977). Previously, there had been various interim

[3] Annual reports for Tanganyika were prepared for the UN Trusteeship Council. Reports included developments in the territorial budget, details of revenues and expenditures, grants from the United Kingdom under the terms of Colonial Development Acts, local government budgets, and public debt (see Colonial Office, 1961).

constitutions.[4] The 1977 Constitution contains 152 articles, including an entire chapter devoted to public finances. This is in sharp contrast to the United Kingdom. Moreover, some of the detailed constitutional provisions for Tanzanian public finance (discussed below) may not be considered of "constitutional" significance in the United Kingdom.

B. Parliaments Elected and Unelected

The Tanzanian parliament is, in many respects, modeled on that of the United Kingdom. As in the United Kingdom, the emphasis is on ensuring the functioning of a public accounts committee (PAC), which has a mandate to examine ex post budget performance. By convention, the PAC is headed by the opposition. Other select committees, including the Treasury Committee in the U.K.'s House of Commons, the Finance and Economic Committee in Tanzania, and sectoral committees in both countries, are becoming more influential in scrutinizing budget proposals of the government.

Table 1. Structure of Two Parliaments

	United Kingdom[1]	**Tanzania**
Number of parts	Three: the Queen, House of Commons, House of Lords	Two: the President, National Assembly.
Elected and unelected parts of Parliament		
Head of State	Monarch is a heredity position	President is elected directly.
Members of elected house (MPs)	All House of Commons members are elected.	National Assembly members are elected, except 49 women, 10 presidential appointees and the Attorney General.
Upper house	The House of Lords is composed of over 700 unelected peers.	There is no upper house.
Other parliamentary bodies/positions		
Speaker	Speaker leads parliamentary sessions.	Speaker leads parliamentary sessions.
Whips	Government and opposition have "whips."	Government and opposition have "whips."
Standing committees	Parliament's regulations (Standing Orders) envisage such committees.	Parliament's regulations (Standing Orders) envisage such committees.
Select Committees	Various select committees and the PAC (quite important) scrutinize government spending.	Select committees and the PAC scrutinize government spending.

[1] See U.K. Parliament, 2006.

C. Constitutional Provisions for the Political Executive

In the United Kingdom, the head of State is the monarch. By constitutional tradition, the Queen (or King) follows the advice of Her (His) ministers. The prime minister is usually the leader of the majority party in parliament, who chooses his cabinet ministers, including the chancellor of the exchequer, who plays the role of the senior minister of finance. The cabinet of ministers is collectively and individually responsible to parliament. By convention, the chancellor is the only minister who must be a member of the House of Commons, although typically all senior ministers are from the House of Commons and, in a few cases, the House of Lords. The chancellor is a key player in cabinet on budgetary matters and is supported at

[4] The 1962 Constitution provided for the presidential system of government; the 1964 and 1965 constitutions provided the basis for the uniting of the two territories of the United Republic: Tanganyika and Zanzibar.

political level by four junior ministers: the chief secretary to the treasury, the paymaster general, the financial secretary, and the economic secretary.

The chancellor's budget responsibilities are not specified in U.K. law. In several countries, the minister of finance's responsibilities are clearly delineated in law. In contrast, the United Kingdom's public finance laws (e.g., the Government Resources and Accounting Act, 2000) refer to "the Treasury," which means the Treasury Board of Commissioners, which is composed of seven commissioners, or lords of the treasury, of which the prime minister is the first lord, the chancellor of the exchequer the second lord, and five junior ministers. This board has not met for over 100 years (p. 159, Bridges, 1964).

In Tanzania, the Independence Constitution 1961 replicated the Westminster model of government, but it was quickly replaced in 1962 by a Republican Constitution that established a president, who is both head of state and head of government. The 1961 Constitution provided for a governor general representing the Queen as the head of state and an executive prime minister from the majority party in parliament (Makerere University, 2001). The 1962 Constitution provided for both a president and a vice-president, with neither being elected (c.f., the monarch in England). The country's first Prime Minister, Mr. Nyerere, in 1961 became the first president, leading the country during 1962–85. Since 1995, the president is chosen by direct multiparty elections.

The President of the United Republic of Tanzania *appoints* the prime minister; in the United Kingdom, one of the monarch's prerogatives is also the appointment of the prime minister (p. 41, Winetrobe). In Tanzania, the prime minister is accountable to the president for the exercise of his authority (Constitution, Art. 53). The president appoints all ministers, after consultation with the prime minister. The 1977 Constitution states that "all executive functions of the government of the United Republic shall be discharged by officers of the government on behalf of the President" (Art. 35). Whereas in Tanzania the President's strong powers are written into the constitution, in the United Kingdom, the government's power to make decisions (e.g., public appointments) without prior consultation with Parliament is a prerogative power[5] (p. 42 Winetrobe, 2000). In the United Kingdom, there are pressures to reduce the executive's strong executive powers inherited from the royal prerogative and to adopt a written constitution.[6]

The Tanzanian President's powers and the prerogative powers in the United Kingdom are comparable. They contrast with constitutional powers in non-Westminster countries. Under most presidential systems, the president's appointment powers usually require congressional endorsement. This can be a lengthy process, especially when the party of the president does not hold the majority in the house of representatives and/or the senate

---

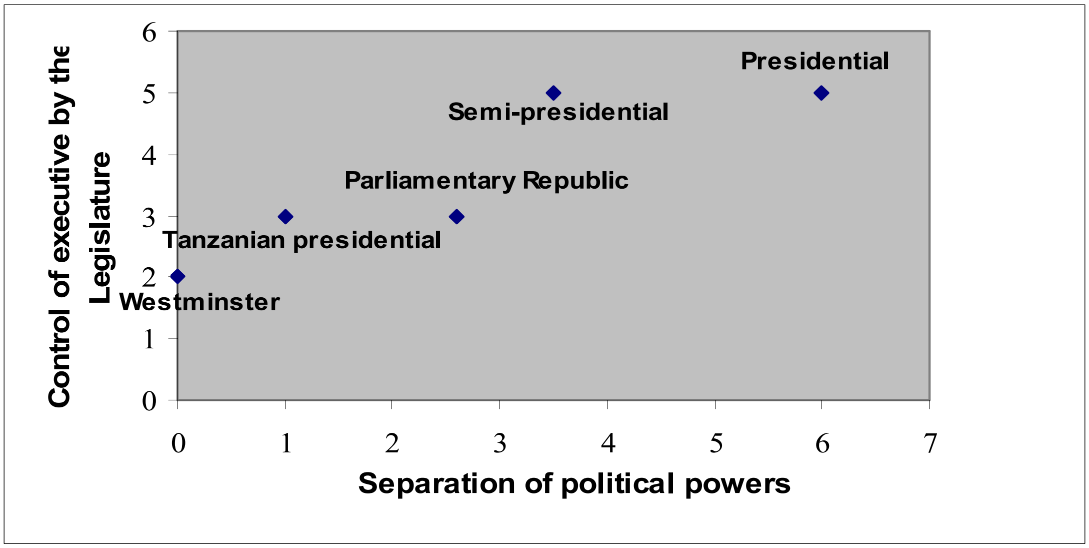
[5] Prerogative powers are constitutional understandings derived from an earlier age when all executive power resided in the monarch. These are the powers unique to the executive that the courts recognize it possesses for the carrying out government business (Dainteth and Page, 1999).

[6] The U.K.'s Liberal Democratic Party has campaigned for years to enhance parliamentary powers and introduce a written constitution. See http://www.libdems.org.uk/media/documents/policies/22Constitution.pdf.

(e.g., Mexico, United States). In semi-presidential systems,[7] the president may appoint cabinet members from outside the legislature; in some countries with elected presidents, members of parliament must resign if they accept a cabinet position (e.g., France).

Despite divergences from the British model, the influence of the Westminster model on Tanzania is still strong. In most presidential systems of government, the legislature's powers are strongly separated from those of the executive. In Tanzania, however, the separation of presidential powers from parliament is quite weak (Figure 1). This stems largely from the retention of the Westminster inheritance that cabinet ministers are obligated to be members of parliament[8]—an inconceivable notion in most presidential systems.

Figure 1. Separation of Political Powers and Control of Executive by the Legislature



Source: Appendix I.

D. Constitutional Provisions Relating to the Budget

In the United Kingdom, certain budget actors could be regarded as being a part of the British "Constitution." For example, the treasury could be regarded to be a constitutional body, as it existence predates the adoption of Britain's first major law regulating public finances—the 1866 Exchequer and Audit Departments Act. In fact, the treasury predates parliament itself and hence any statutory laws.[9] The budget responsibilities of the prime

[7] In this paper, a presidential system is defined as one in which the president is directly elected by citizens and is both the head of state and head of government. A semi-presidential system is one in which the directly-elected president is the head of state, but not the head of government, a post occupied by a prime minister.

[8] This obligation is stated in Article 55(4) of the Constitution. Msekwa (2000) points to the possible inconsistency between this article and article 57(2)(f), which allows ministers to retain their post after (a hypothetical) dissolution of parliament.

[9] The treasury first emerged from the royal household which governed England after the Norman conquest in 1066 (Roseveare, 1969).

minister and chancellor of the exchequer are founded on ancient "constitutional" practice, namely that they occupy the number one and number two positions of the Board of Commissioners of the treasury. The British cabinet of ministers could also be considered to be a constitutional body, even though cabinet's functions and internal organizational arrangements have not been specified in law.

In both countries, the government has exclusive right to propose the annual budget to parliament. In the United Kingdom, the following constitutional principle holds: "that this house will receive no petition for any sum of money relating to public service, except what is recommended by the crown." This provision is not written in a statute. Rather, it has been embodied in parliament's Standing Orders since 1713[10] (p. 15, Chapman). The crown's recommendation lays down a maximum charge on public funds, as well as its objects and purposes (Erskine May, 1997, p. 740). The principle that the government has exclusive right to recommend budgetary spending continues to be valid today in the United Kingdom. Similarly, in Tanzania (and several other Anglophone African countries), the president, as head of the executive, is responsible for ensuring that the annual estimates of revenue and expenditure are submitted to the national assembly (item 4, Table 2).

The concept of a consolidated fund, which has been incorporated in law in the United Kingdom for over two centuries, is specified in Tanzania's Constitution. In the United Kingdom, the notion of a consolidated revenue fund (CRF) is also a long-standing feature of the budget system. As a means of strengthening parliamentary control on the revenue side, an act adopted in 1787 set up the CRF as "a fund into which shall flow every stream of revenue, and from which shall issue the supply for every public service."[11] This made it impossible for revenue to be diverted to forms of expenditure not covered by parliamentary votes.

Tanzanian constitutional provisions are indicative of a general tendency to ratchet up the degree of legal formality beyond that of the United Kingdom. Table 2 illustrates that components of several U.K. statutes—or even longstanding conventions not included in formal law—became constitutional articles in Tanzania.[12]

III. British Influences on the Main Laws Supporting Tanzania's Budget System

This section traces the influence that the United Kingdom's 1866 Exchequer and Audit Departments Act had on Tanzania's main laws underlying budget procedures and the accountabilities of the main actors in budget processes. Legal provisions for external audit,

---

[10] It is also still part of parliamentary regulations. See Standing Order No. 48 of the House of Commons, House of Commons, 2005.

[11] Act 27 Geo.3, c.13, section 47 (see footnote 1, p. 25, Bridges, 1964).

[12] As colonies progressed toward independence, constitutional lawyers in the U.K. drafted constitutions. The financial provisions were similar to those of the United Kingdom, but were a mixture of convention and statute law. The provisions were not disputed by independence leaders, since their focus was on the political clauses in constitutions, not the financial ones.

Table 2. Main Provisions of Tanzania's 1977 Constitution	
Derived from Articles 135–142	**Similar Provision Included in United Kingdom Law?**
No taxes shall be imposed except on the basis of a law.	Yes, taxes are based on specific laws.
All government revenue of the United Republic, except special-purpose revenues established in specific laws, shall be paid into one fund, the Consolidated Fund (CF).	Yes, a 1787 Act.
Moneys shall not be paid out of the CF unless the purpose of the expenditure has been authorized by an Appropriation Act or another law. Approval of expenditure by the Controller and Auditor General (C&AG) is also required.	Yes, the 1866 E&ADA.
The President shall provide directions for the preparation of the annual estimates of revenue and expenditure for the next financial year and their submission to the National Assembly (NA).	No. A practice (with "the President" replaced by "the Crown").
After the estimates are approved by the NA, an Appropriation Bill is introduced into the NA to authorize issue from the CF of the sums necessary to meet various government expenditures.	No. By convention a Consolidated Fund (Appropriation) Act is adopted.
Supplementary estimates of expenditures are needed when appropriations for a certain purpose are insufficient or when excess expenditures have occurred.	No. But the government can initiate supplementary supply estimates.
If the Appropriation Act for a given year has not been adopted, the President may authorize the issue of moneys from the CF for meeting expenses of essential government businesses, up to four months from the beginning of the financial year.	No. By convention the House of Commons approves a "Vote on Account", typically for 45 percent of annual expenditure, a few months before the fiscal year.
Parliament may enact a Contingencies Fund authorizing the President or a Minister appointed by the President to borrow money from that Fund to meet the costs of an urgent and unforeseen need.	Yes, by the Contingencies Fund Act 1974.
Public debt payments, including interest and other debt management expenses, shall be a charge on the CF.	Parliament has passed statutes that authorize "Consolidated Fund standing services," without annual Supply procedure approval.
Statutory expenditures established in law, notably for salaries and allowances of high officials (e.g., Court judges, the C&AG), shall be paid out of the CF.	

which were not separate from financial management in the United Kingdom's 1866 legislation, nor in Tanzania's Public Finance Act adopted in 2001, are discussed separately in Section VI.

A. The Main Laws Underlying the Two Budget Systems

United Kingdom

The United Kingdom adopted a first Exchequer and Audit Departments Act (E&ADA) in 1866 and a second one in 1921. Even prior to this, many elements of the budget, accounting and audit system were already in place, although the prior approval by the treasury of estimates of departments was not laid down in statute until 1861 (p. 25, Bridges, 1964). The E&ADA provided the legal basis for the British budget system for over a century, and its influence in the United Kingdom is still evident in many of the organizational and procedural arrangements, especially decentralized budget management and accounting arrangements.

The E&ADA emphasized the procedures for budget execution and government accounting, particularly, the responsibilities of certain key actors involved in implementing the budget. Unusually, the "minister of finance's" (the Chancellor of the Exchequer's) direct responsibilities for budget management are not specifically mentioned. As discussed in Section II.C, this is partly because the U.K.'s "minister of finance" is only one of seven Lords of the Treasury—the second most highly-ranked. However, for all intents and purposes, the Chancellor of the Exchequer is the head of the Treasury.[13]

Continental European countries place emphasis on incorporating budget principles into law (Lienert and Jung, 2005). In this context, the E&ADA included the principles of budget annularity (i.e., the budget is for a 12-month period), of universality (all revenues are to be paid into a CRF), and of the specificity of expenditures.[14] In contrast, the E&ADA did not include the principle of budgetary unity: that the parliamentary approval process for budget revenues and expenditures would take place in the context of a single draft law. Unlike in continental European countries, in the United Kingdom, the word "budget" is not associated with a draft budget *law*, to be adopted by the *legislature.* Rather the "budget" evokes the speech by the Chancellor of the Exchequer on "budget day," when changes in taxation or spending by the *government* are announced. Instead of submitting to parliament a draft legal document in which projected revenues and expenditures will be analyzed, debated, and then approved by parliament in a unified manner, there are legal arrangements for immediately legally formalizing the announced tax changes, which are later ratified by parliament in a "Finance Bill." On the spending side, parliament is later given limited opportunity to discuss the Estimates, but cannot increase expenditures. Legal authority is provided later, when the annual Appropriation Act is adopted.

In 2000, the Government Resources and Accounts Act was adopted (see H.M. Treasury, 1999, for an explanation). This statute, which provided the legal basis for implementing an accrual budget and accounting system, repealed many of the provisions of the long-standing E&ADAs of 1866 and 1921. It also put in place legislation to enable the preparation and audit of consolidated accounts for the whole of the public sector.

Tanzania

In 1961, the Legislature of Tanganyika adopted an Ordinance to Provide for the Control and Management of Public Finances. As in other former U.K. colonies, this was modeled to a considerable extent on the E&ADA of 1866—especially in that it focused on both the control and management of public finance (the first substantive part) and on the audit and examination of accounts (the second substantive part, which established the Controller and Auditor General and specified his powers). The Ordinance contained many budgeting concepts inherited from Britain, including: "Appropriation Ordinances (Bills);" the "Consolidated Fund," whose money flowed through the "exchequer account;" "the Treasury," which was defined to mean the Minister responsible for finance and officers deputed by the minister; the "Paymaster-General;" the "Permanent Secretary;" and

---

[13] In history, the treasury oscillated between being under collective and individual management. For example, as from 1688, the Treasury Commission was succeeded by a Lord Treasurer until 1714. Since the resignation of the Earl of Shrewsbury as Lord Treasurer in 1714, the office reverted to being in commission ever since (p. 15, Chapman, 1997). In recent times, the First Lord of the Treasury has exercised authority over the Chancellor.

[14] The E&AA of 1921 required "the C&AG to satisfy himself that the money expended has been applied to the purpose or purposes for which the grants made by Parliament were intended to provide" (Article 1).

"Accounting Officers" (AOs), who are responsible for budget management in spending ministries, especially the annual preparation of an "appropriation account" showing the goods and services actually spent in comparison with the amounts for which money was voted. As in the United Kingdom, a system of *decentralized* budget and accounting management was established. In contrast, very *centralized* budget and treasury management systems were set up in Francophone Africa, under the influence of France's centralized system (Bouley et. al., 2002; Lienert, 2003; Moussa, 2004).

In view of the need to include changes in the public financial management system—including the recentralization of payments and the introduction of a "cash budgeting" system in the mid-1990s, the government decided to modernize the 1961 Ordinance. Accordingly, a Public Finance Act (PFA) was adopted in 2001 and amended in 2004. Some new features were added to the PFA, including specifying the Accountant General's responsibilities, as well as those the Paymaster General, whose functions include appointing AOs. Also, the PFA requires the publication of budget "outputs"—a concept which only a few countries practice.[15] Despite the inclusion of some modern features, the PFA retains several of the features of the E&ADA, including the incorporation of budget management and external audit principles in a single law.

B. Other Laws Underlying the Budget System

This subsection examines laws relating to local government finance and national loans.

United Kingdom

- **Local Government Acts.** The budget arrangements for United Kingdom's local authorities have been governed by various local government acts. These acts still provide the basis for budgetary powers of many local authorities, although arrangements in Scotland and Wales have changed somewhat since the creation in 1998 of regional assemblies by Devolution Acts that provide some autonomy in budget-making in these two regions.[16]

- **National Loans Act 1968** (itself an amendment of s. 21, 1866 E&ADA) establishes a statutory fund, the national loans fund (NLF), used to finance central government operations through borrowing. The treasury has wide discretion as to how to raise money by borrowing using the NLF. In an amendment of 1988, the treasury's wide powers for acquiring, holding, transferring, or redeeming securities are spelt out.

---

[15] Notably in New Zealand, where appropriations are on the basis of "outputs." According to Schick, 2001, the New Zealand output-oriented system has been much studied, but little emulated elsewhere.

[16] The special arrangements for Northern Ireland were also modified in 1998, although it has been politically difficult for the Northern Ireland assembly to operate effectively.

Tanzania

- **Local Government Act.** The Constitution establishes local government authorities in each region, district, urban area and village, as prescribed by law. Accordingly, the Local Government Act 1982 established district and municipal councils[17] and devolved political, financial, and administrative powers to them. As in the United Kingdom, local governments are empowered to raise their own revenues from a variety of sources, although "rates" (property taxes) in Tanzania are not such an important revenue source for local authorities as in the United Kingdom. As in the United Kingdom, the spending responsibilities of local authorities far exceed own revenues, resulting in large central government transfers to local authorities.

- **Loans, Guarantees, and Grants Act 1974.** The scope of this Act, by covering not only loans, but also guarantees and grants, is considerably wider than in the above-mentioned U.K. law. Government guarantees in Tanzania were particularly important during the socialist period, when parastatals were protected by this form of contingent liability. Whereas grants from foreign countries are non-existent in the United Kingdom, Tanzania's budget is highly dependent on grants. It is, therefore, difficult to identify much resemblance between this Act and the U.K.'s National Loans Act or other legislation.

C. The Financial and Accounting Regulations

In the **United Kingdom**'s 1866 E&ADA, each department was required to keep a *Plan of Account Books and Accounts....in order to exhibit, in a convenient form, the whole of the receipts and payments of each vote....under the Superintendence of the Treasury*. Under the 1866 E&ADA, the Treasury was also responsible for providing instructions for the vouchers of Appropriation Accounts and for providing directions for the keeping and discharge of other accounts, such as for stores. According, the Treasury has issued, over the past 150 years, accounting and other financial instructions for the government departments and other government agencies. These are readily available to the public (see http://www.government-accounting.gov.uk/current/frames.htm).

In **Tanzania**, during 1961–2000, to ensure that the Exchequer and Audit Ordinance was implemented, various editions of financial orders were issued by the minister of finance. These regulations were typically around 200 pages in length and were primarily for the guidance of AOs (see below). They were modeled on those in force in the United Kingdom or in U.K. colonies. As in the United Kingdom, accounting officers were authorized to issue detailed instructions for use in their ministries. Although Tanzanian ministries' AOs are responsible for implementing its policies and performing statutory functions in the most economic and effective way, within financial limits, *the Permanent Secretary (Treasury) may be consulted by AOs on any matter concerning the provisions of the act"* (Part IV, paragraph 9(5) of the PFA, 2001).

[17] Tanganyika created local government structures, starting with municipalities, before independence. By 1961, the country had a network of councils with devolved powers. Councils were abolished in 1973 because they posed political competition to the one-party state. Thus, the 1982 Act was recreated the *status quo ex ante.*

The Tanzanian financial regulations used until 2000 contained chapters on financial control, payments, receipts, cash, cheques and banking, with appendices on the exchequer accounting system and special funds. They described public financial management (PFM) terms that are unique to the British system, including the roles of accounting officers, paymaster-general, warrant and subwarrant holders, public moneys, vote accounts, and appropriations-in-aid, as well as other "British" features such as civil contingency funds or *virement* between votes. Internal audit was largely decentralized to ministries, departments and agencies (MDAs), which contrasts with, for example, the highly centralized internal control and audit arrangements in French-inspired PFM systems (Lienert, 2003).

With the adoption of the PFA in 2001, new financial regulations were adopted. However, both the structure and many of the features of the earlier financial regulations were maintained. The financial regulations issued in 2001 elaborate on the duties and responsibilities of the Minister of Finance and the roles of key officers involved in budget execution (the permanent secretary, the accountant general, accounting officers). In non-anglophone countries, it is the law, not regulations, that usually elaborates on the roles of the minister of finance, the key personality for PFM. Tanzania's practice, however, reflects the U.K. inheritance: the financial regulations are issued as "Subsidiary Legislation," which in the United Kingdom has a status equal to law.[18]

IV. Weak Budgetary Powers of Parliament in Both Countries

In both countries, the budgetary powers of parliament are very limited relative to other countries (Figure 2). In Tanzania, these powers are well out of line with other semi-presidential systems of government. This section elaborates on the strong Westminster influence in certain areas of budget powers of the Tanzanian Parliament.

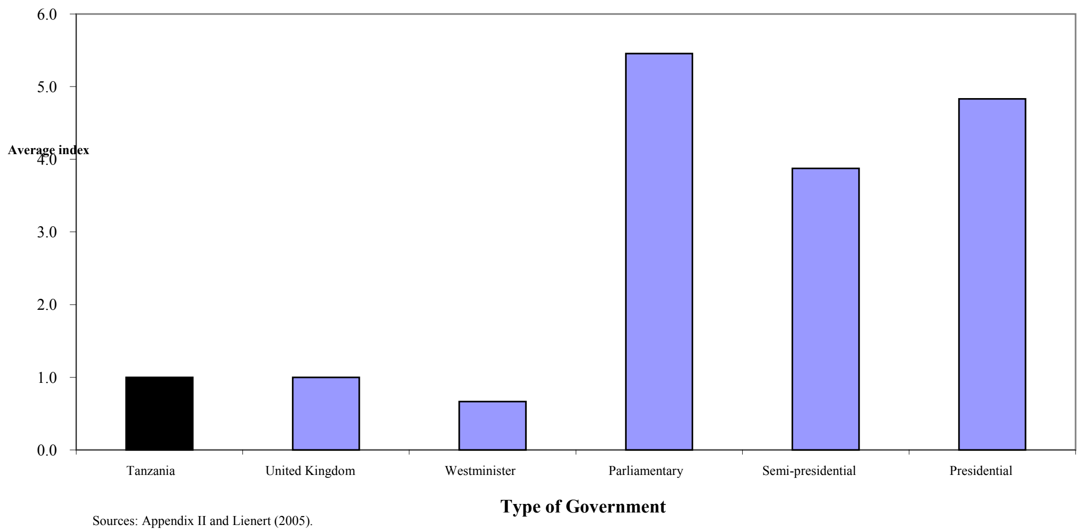
A. Parliament Approves Annual Estimates Only

United Kingdom. The second chamber of parliament—the House of Lords—lost all of its budgetary powers following a budget crisis in 1909, when the House of Lords failed to approve the annual budget. This led to adoption of the 1911 Parliament Act, which removed the second parliamentary chamber's powers with respect to all "money bills," including notably the annual budget. Not only did the upper house lose its budgetary powers, but the House of Commons' powers are extremely limited. In particular, the house's standing orders allow only three days for debate on the budget estimates[19]—an excessively limited space of time. Although a medium-term budget framework (MTBF) and two- or three-year expenditure reviews are presented to the House of Commons, the important decisions on their size are taken by the government. The MTBF is referred to the House of Commons for information on the government's planned medium-term budget strategy: parliament is not invited to approve expenditure limits for years beyond the year of the annual estimates.

[18] Statutory Instruments "are just as much a part of the law as an Act of Parliament;" see House of Commons (2006).

[19] Article 54 of Standing Orders, see House of Commons (2005).

Figure 2. Index of Legislature's Budget Authority



Tanzania. As in the United Kingdom, the Tanzanian parliament is not constitutionally empowered to initiate any bills with budgetary implications (Msekwa, 2000). Also like the United Kingdom, the budget has, in recent years, moved away from a purely annual focus. Tanzania is one of the few African countries that has a functioning medium-term orientation to its budget, for which the government and the donor community have set up dialogue mechanisms—including joint examination of expenditure priorities in the context of three-year rolling "budgets" and annual Public Expenditure Reviews (PERs) (Magambo, 2004). Donors are given a voice since fiscal deficits have been financed largely through external assistance.[20] However, as in the United Kingdom, the legislature has access to the MTBF documents, the focus of parliament's budgetary work is on scrutiny of the annual Estimates. Although the Tanzanian parliament is invited to consider the MTBF,[21] it does not suggest a different medium-term budgetary strategy, in part because of lack of technical capacity. Some observers have concluded that the foundations of budgetary policies represent the view of a small group of "transnational professionals" based in key government ministries and donor agencies, which occlude the possibilities for deepening democratic oversight of policies of national development (Gould and Ojanen, 2003). However, this is an exaggeration, since discussions take place in Cabinet, in sectoral budget committees and, especially, within the Chama Cha Mapinduzi (CCM)[22] party itself. Major "landmark" budget decisions appear to express the views of CCM members. Concerns within the party over the reactions of the electorate to government decisions were found to be crucial factors in

[20] See paragraph 28 of IMFb (2006).

[21] This invitation is extended by the minister responsible for planning and privatization; see, for example, http://www.tanzania.go.tz/bspeech2006_07f.html, for the 2006/07–2008/09 MTBF.

[22] The CCM was created in 1977, as the merger of the Tanganyika African National Union, the then ruling party in Tanganyika, and the Afro-Shirazi Party, the then ruling party in Zanzibar.

guiding major spending decisions (Lawson and Rakner, 2005; Mmari et. al, 2005). Although the party, not parliament, is the vehicle of influence, budgetary decision-making nonetheless responds to democratic pressures, including through the work of sectoral parliamentary committees, whose deliberations are taken for preparing medium-term expenditure estimates.

B. Budget Amendment Powers are Extremely Limited

United Kingdom. The House of Commons cannot propose amendments to increase total expenditure, nor to change the composition of spending, nor to reduce revenues. The basis for this restriction is the 300-year-old Standing Order No. 48 of the House of Commons referred to in Section II.D above. Since parliamentary committees are dominated by members of the ruling majority party, any formal proposals to revise the estimates are unlikely to occur. However, informal arrangements exist: if parliament objected extremely strongly over one particular component of the budget, the proposed change could be withdrawn, although this rarely happens. In general, the House of Commons's only amendment authority is to reduce items of expenditure. In practice, the estimates approved by parliament and incorporated into the annual Appropriation Act are very close to the estimates presented by the government in the budget speech.

Tanzania. Eight sectoral committees of parliament are authorized to scrutinize the proposed votes of annual estimates of expenditures of each ministry. In recent years, these committees have been previewing ministries' draft budgets, which are facilitated by the government's preparation of clearer documentation that is used by these committees. However, these consultations are consultative only. Article 81(4) of the Standing Orders (Tanzania Parliament, 2001) state that *sectoral committees have no power to amend a vote referred to it.* In the full assembly, each minister responsible for a ministry has 30 minutes to present a budget speech for his/her ministry and to propose a motion that the assembly approves the annual estimates of expenditures for that ministry. Should there be disagreement, any member of parliament may propose to reduce the amount of a sub-vote by one shilling, a symbolic amount for expressing dissatisfaction. Amendment proposals that would revise expenditures upwards are ruled out. After the assembly has completed the scrutiny of annual estimates of expenditures for all ministries, the appropriation bill is presented to the assembly for adoption, without going through the usual stages for other legislation such as referral to the appropriate standing committee, an inheritance from longstanding practices in the United Kingdom.

C. The Opposition Plays a Very Minor Role

In the United Kingdom, the opposition has been active in parliamentary debates for a long period of time. In contrast, in Tanzania there was no opposition until a multiparty system was introduced on July 1, 1992. In the preceding years, Tanzania had a 1-party political system[23] in which the National Assembly had become a body for overseeing the government on behalf

[23] As from the 1962 Constitution, the President had sweeping powers, with the executive not answerable to the national assembly. In 1965, a de jure one-party state was introduced, with the President vested with the power to dissolve the National Assembly and to appoint 63 members of parliament (this was reduced to 15 MPs in 1977) (Okema, p. 49).

of the party (Okema, p. 52). Since the advent of multiparty politics in 1992 the weight, of the principal party, CCM, is still dominant throughout the country, with the CCM typically winning a large majority. For example, in the December 2005 elections, President Kikwete[24] became president by winning more than 80 percent of the vote; for the union parliament the CCM gained 264 seats out of the 324 total seats available (again, over 80 percent). In these circumstances, it is difficult for the opposition to be effective, although there have been a few procedural improvements to provide the opposition with more opportunities to participate in budgetary discussions.[25] It appears unlikely that a strong role in budget-setting will emerge for the opposition in Tanzania in the near future, even if voters were to diminish their high-level support for the CCM, whose internal party discipline is well established (Lawson and Rakner, 2005). Given the way in which budgetary procedures operate at the U.K. parliament—limited budget debate time and the general apathy toward participating in budget scrutiny even among government back-benchers little alone the opposition (Brazier and Ram, 2006)—it may be difficult for the Tanzanian parliament to win concessions on the shape or size of the annual budget, even though interest in the budget is high.

D. Votes of Confidence Pose Threats for Government, but are Rarely Used

In a first-past-the-post electoral system of the Westminster type, the government is typically composed of parliamentarians of only one single political party. The stability of the government depends on the cohesion within the party with the majority of votes in the house of representatives. In the United Kingdom, should there be a disagreement within the ruling party, dissident party members could, in principle, vote with the opposition to bring the government down, including over budget matters. However, following a vote of non-confidence, the British government has only fallen three times in British history since 1885, on any issue.[26] In Tanzania, although the Constitution (Article 55) includes the possibility of a vote of confidence in the prime minister (but not the president), in present circumstances—with one dominant political party—use of this weapon by parliament is extremely unlikely.

V. Budgetary Powers of the Executive

A. Budgetary Powers of the Political Executive are Strong in Both Countries

The cabinet of ministers is perhaps a most important body for approving the shape and size of the annual budgets prepared by the technical ministries (H.M. Treasury in the United Kingdom and the MoF in Tanzania). After following standard budget preparation

[24] President Kikwete is remembered for introducing discipline in public finance management when he was Minister of Finance in 1994, which led to establishment of a cash budget system and revamping of revenue collection structures, methods and institutions, resulting in creating the Tanzania Revenue Authority.

[25] Parliamentary committees now meet one week before (rather than simultaneously with) plenary sessions of parliament. Also "shadow Cabinet" members are now given an opportunity to study budget proposals prior to budget sessions—all shadow Cabinet ministers may attend pre-budget meetings of the Finance and Economic Committee of Parliament (p. 69, Msekwa, 2000).

[26] See http://www.encyclopedia-1.com/p/pr/prime_minister_of_the_united_kingdom.html.

procedures, the draft budget is submitted to the cabinet for approval. In the United Kingdom, in recent years this takes place via a cabinet subcommittee[27] (central office of information, 1992) and in Tanzania, via an inter-ministerial technical committee,[28] where important final decisions on the shape and size of the budget are made. The next step is submission to parliament for final approval. In both countries, the budget speech by the minister of finance to parliament is extremely important, as it proposes the government's new tax measures, and outlines the government's spending priorities and new spending policies. Traditionally, there was considerable secrecy of new budget policies—the "announcement effect" was important. This has diminished in recent years in both countries, as parliament and the public are now exposed to budget priorities prior to the chancellor's/minister's budget speech. In the United Kingdom, since 1997, the chancellor presents a prebudget report to parliament 4–6 months ahead of the budget speech.[29] In Tanzania, parliament may participate in public expenditure review (World Bank, 1999), which is typically discussed a few months before the minister's budget speech, although in practice, few members of parliament participate (p. 20, Mmari et al (2005). The important point is that when the cabinet of ministers approves the draft annual budget, it is virtually final. Later, parliamentary debate takes place. However, this has no material impact on the size of budget aggregates or on the allocation of spending.

B. H.M. Treasury and Tanzania's Ministry of Finance have Strong Budget Powers

United Kingdom

The system of "treasury control," which has evolved progressively over centuries, is very well embedded in the British PFM system. Important aspects of "treasury control," including notably the appropriations structure, the procedures for the issuance of public money, elaborate expenditure control mechanisms, and the controlling of access to parliament, have their support in the royal prerogative (Daintith and Page), which pre-dates the era of budget management based on the 1866 E&ADA. Indeed, the basis for H.M. Treasury's own existence is by royal prerogative, not by statute or regulation.

The system of "treasury control" has periodically come under attack. For example, in 1957–58, the Estimates Committee concluded that a comprehensive survey of treasury control was beyond them, and requested a review by an independent committee. Thus, in

[27] Currently, the committee on public services and public expenditures, chaired by the chancellor of the exchequer, has a mandate to "review public expenditure allocations and to make recommendations to cabinet" (see http://www.cabinetoffice.gov.uk/secretariats/committees/psx.asp). Prior to the relatively recent use of a cabinet subcommittee, budget negotiations with spending ministries/ministers took place bilaterally with the treasury chief secretary and sometimes the chancellor, or even the prime minister if irreconcilable differences had to be ironed out.

[28] The IMTC, which is comprised of all permanent secretaries, scrutinizes budget proposals before they are finally approved by the cabinet. To facilitate the discussions, the MoF prepares a draft cabinet budget paper that covers the budget frame, the financial demands after dialogue with MDAs, the government priorities and financial implications. See http://www.mof.go.tz for a full description of budget preparation processes.

[29] See http://www.hm-treasury.gov.uk/pre_budget_report/prebud_index.cfm. During 1993–96, the British government changed the budget cycle, with the budget being presented in November, 4–5 months before the beginning of the fiscal year, which is normal practice in many OECD countries (Table II.4, Lienert and Jung).

1962, the Plowden Report's recommendations resulted in a restructuring of H.M. Treasury, without diminishing treasury powers (Box 1), which had already widened considerably in the post-war period when the Treasury assumed the economic coordination role (p. 199, Bridges, 1964).[30]

Box 1. United Kingdom: The Plowden Report and Treasury Powers

Lord Plowden chaired an independent committee that paved the way for various reforms of the British budget system. The Plowden report also endorsed the treasury's long-standing budgetary powers and resulted in their strengthening. Main themes of the 1962 report were:

- **Expenditure should be surveyed as a whole and over a number of years.** This recommendation was implemented. Public Expenditure Surveys covering a two- or three-year period are still an essential feature of budget management and policy-setting in the United Kingdom. H.M. Treasury plays a key role in preparing and scrutinizing the contents of such surveys, which provide the basis for ongoing treasury control of public expenditure.
- **The systematic need to improve management throughout the public service.** The report: (i) endorsed the key role of permanent secretaries as accounting officers as manager (see Box 2); (ii) recognized the supreme importance of the treasury's management duties in personnel matters. As a result of the report, H.M. Treasury was reorganized and became responsible, as from 1962, for the overall management of the civil service—for both pay and conditions of service. Later, in 1981, the civil service department was abolished.[1] This contrasts with various British Commonwealth countries where a public service commission, independent from treasury, is responsible for civil service management (although reforms in recent years have weakened their positions).[2]
- **Improving opportunities for constructive parliament control.** A theme of this working paper is that, 40 years later, parliamentary control at the *ex ante* budget stage, is still minimal, although in recent years there has been a proliferation of parliamentary select committees scrutinizing ex post government policies and performance.

Sources: Bridges (1964), Chapter XIV; and Thain and Wright, Part I.

[1] This was contrary to the recommendations of the Fulton Commission of 1968, which followed up on civil service recommendations of the Plowden report.

[2] For example, in New Zealand, when personnel management was decentralized to ministries and government agencies in the late 1980s (Schick, 1996), the State Services Commission's role diminished markedly.

H.M. Treasury is very influential in the formulation of economic and fiscal policies, and for establishing the initial medium-term budget framework, the broad aggregates for revenues and expenditures in the annual budget, and the allocation of spending. These are set in the context of an overall fiscal policy strategy, which is currently guided by two fiscal rules: (1) a "golden rule" that requires the government to borrow only to finance investment; and (2) sustainable debt rule, under which public sector net debt as a proportion of GDP is to be held at a stable and prudent level. Both rules apply over the economic cycle and H.M. Treasury is responsible for defining and measuring the underlying concepts such as

[30] During the 1950s, the practice of multiyear planning was falling into disrepute. The post of minister for economic affairs, created in 1947, was abolished, and the chancellor of the exchequer assumed the economic coordination role. In 1964–65, the department of economic affairs (DEA) was recreated and produced a national plan. However, the DEA fell into conflict with the treasury and national planning again died.

expenditures and, especially, in exercising "treasury control" over budget execution, government banking arrangements, and fiscal reporting. In recent years, the capacity to "investment" and "net debt." These rules have been formally endorsed by the government.[31] The prudent debt limit over the cycle is currently set at 40 percent of GDP.

Tanzania

To what extent are these strong "treasury control" powers reflected in Tanzania's Ministry of Finance? As in the United Kingdom, the MoF plays a key role in preparing a draft medium-term macrofiscal strategy, in deciding on the format of the Estimates of exercise control over expenditure has been greatly enhanced by the implementation, since June 2001, of a computerized integrated financial management system in all central government ministries and agencies (p. 22, World Bank, 2004).

However, unlike in the United Kingdom, where the Economic Planning Board established immediately after World War II was abolished after a relatively short life, in Tanzania, a planning function has survived—as an agency under the president's office until 2005 and as a separate Ministry of Planning, Economy, and Empowerment (MPEE) since 2005. The MPEE assists in formulating the development (or "investment" budget), a role that needs close coordination with the budget department of the MoF. A practice established under President Nyerere was for the minister responsible for planning to provide background budget information to the finance and economic committee of the national assembly (Magambo, 1985). This practice continues: the minister of planning, economy, and empowerment presents the medium-term macrofiscal framework (including economic growth, sectoral developments, and the budget frame), whereas the minister of finance presents the annual budget estimates to parliament. The precursor for this, as in many African countries, is the separation of the recurrent budget (prepared by MoF) and the development budget (prepared by a ministry of plan or economy). Another distinct feature of Tanzania's budget planning system is the important role that international multilateral agencies and bilateral donors play in assisting the government to formulate fiscal policy strategy and to provide budgetary financing—both general budget support and targeted financing of projects executed by central or local governments.

C. "Accounting Officers" are Critical Players in the Chain of Accountability

United Kingdom. An "Accounting Officer" (AO) has been a central figure in the British budget management since before the 1866 E&ADA and the AO's position was clarified in a treasury minute of August 1872 (p. 26, Chapman, 1997). AOs' duties are much wider than that of a mere "accountant" and were expanding even when Tanzania became independent (p. 249, Bridges 1959), in recognition that accounting and budgeting must be integrated with management and administration at the level of each government department (Box 2).

---

[31] The two rules are contained in the government's 1998 Economic and Fiscal Strategic Report (see www.archive.official-documents.co.uk/document/cm39/3978/chap3.htm#fiscal).

Box 2. United Kingdom: Responsibilities of Accounting Officers

Accounting Officers (AOs) serve the minister in charge of their department, to whom they are responsible and from whom they derive their authority. The minister in turn is responsible to parliament in respect of the policies, actions, and conduct of the department. The permanent secretary of a department is appointed by the treasury as its principal AO and other senior managers may be appointed as additional AOs. This is a long-standing practice, approved by the public accounts committee (PAC), and confirmed in the Government Resources and Accounts Act 2000.

The AO has personal responsibility for the overall organization, management, and staffing of the department, and for department-wide procedures. The permanent head must ensure a high standard of financial management, and that financial systems and procedures promote the efficiency, as well as safeguarding financial propriety and regularity of the department. He/she must be a witness before the PAC, to deal with questions arising from his/her accounts and the reports made to parliament by the comptroller and auditor general. More specific responsibilities of AOs include ensuring that:

- Financial considerations are fully taken into account in decisions on policy proposals.
- Proper financial procedures are followed and that accounting records are maintained to meet the requirements of management. An AO has the personal duty of signing the accounts and ensuring that assets for which he or she is responsible are safeguarded.
- A sound system of internal control is maintained to support the achievement of the department's policies, aims, and objectives.
- Managers at all levels in the department have a clear view of their objectives, and the means to assess and, wherever possible, measure outputs and performance.

Detailed guidance for AOs is contained in the "*Government Accounting" Manual*.

Source: http://www.government-accounting.gov.uk/current/frames.htm

In **Tanzania**, the above responsibilities of AOs are essential features of the budget system. Following the United Kingdom's long-standing practice, the permanent secretary of a ministry is appointed as its principal AO and, for operational and financial management reasons, other senior managers have been appointed as additional AOs. For example, the accountant general—who, following inherited practice, is chief AO of the government—is responsible for two budget votes (that for the AG's own office and that relating to debt management). The PS of the Treasury, as Paymaster General (who appoints all AOs), has delegated this function to the AG, while retaining overall responsibility for all MoF votes.

VI. Influences on External Audit Arrangements

In the **United Kingdom**, the controller and auditor general (C&AG) is a long-standing part of the British budget system. Although the function was established prior to the 1860s, the E&ADA, 1866, formally established the C&AG. Until 1983, the C&AG was an executive position, supported by a government department whose staff were civil servants. With the adoption of the National Audit Act in 1983, the independence of the C&AG from the executive was enshrined in law (Box 3). The 1983 National Audit Act provided the C&AG with the freedom to report to Parliament at his discretion and to recruit staff to the national audit office (NAO), outside civil service salary structures.

Box 3. United Kingdom: Evolution of External Audit Arrangements

The Exchequer and Audit Departments Act, 1866

- Established the Comptroller and Auditor General (C&AG), who authorizes the issue of public money to government departments from the Treasury account at the Bank of England, audits the accounts of government departments and reports to Parliament.
- Established an Exchequer and Audit Department.
- Enhanced the role of Parliament as an oversight body.

Under the E&ADA, Parliament authorized expenditure, the C&AG controlled the issue of funds, accounts were produced by departments, and the C&AG audited annual accounts. The results of the C&AG's investigations were considered by the PAC.

The Exchequer and Audit Departments Act, 1921

- Obviated the C&AG to examine every financial transaction. The C&AG could rely in part on departmental systems of internal control and examine a sample of transactions.
- Required the C&AG to report to Parliament that money had been spent in accordance with Parliament's wishes.

The National Audit Act, 1983

- Strengthened the independence of public auditors. The C&AG formally became an Officer of the House of Commons and the Exchequer and Audit Department was replaced by the NAO.
- Authorized the C&AG to report to Parliament at his own discretion on the economy, efficiency and effectiveness with which government bodies had used public funds.

Also, under the Code for Fiscal Stability, 1998, the NAO is required to audit the key assumptions underpinning the fiscal projections, to ensure that the forecasts are consistent with the principles of transparency and responsibility. Since 2000, the NAO has audited key assumptions at the time of the Budget and Pre-Budget Report (IMFa, 2006).

Sources: Bourne, 2005; National Audit Office, 2005; White and Hollingsworth, 1999.

In **Tanzania,** unlike the United Kingdom, the key legal provisions relating to the C&AG are elevated to the constitution. This includes the president's power to remove the C&AG from office under certain conditions (Box 4). Supplementary legal provisions for the external audit function are provided in the PFA, 2001, which modified the previous legislation—the Exchequer and Audit Ordinance 1961. The PFA retains many of the provisions of the earlier legislation, which in turn was heavily influenced by the United Kingdom's E&ADAs of 1866 and 1921. In particular:

- The C&AG in Tanzania is not stated to be an officer of *parliament*, as is the case in the United Kingdom since 1983 and in several countries of Westminster influence.[32]

[32] The C&AG is designated as an officer of parliament in Australia (Auditor General Act 1997), Canada (Auditor General Act, 1977 and Financial Administration Act, 1985), New Zealand (Public Audit Act, 2001), and South Africa (Audit Arrangements Act, 1992 and Auditor General Act 1995). See Lienert and Jung, 2005. Nigeria's Audit Act requires the auditor general (AG) to submit his annual work program to the PAC for approval. With more strongly separated executive-legislative powers in Nigeria, under these arrangements, the AG could be subject to political domination.

Box 4. Tanzania: Constitutional Provisions for the Controller and Auditor General

- There shall be a C&AG of the United Republic to ensure that any moneys proposed to be paid out of the consolidated fund has been authorized.
- The C&AG shall audit and provide an audit report, at least once a year, on the accounts of the government and the accounts managed by officers of the government.
- The C&AG shall submit to the president every such report, who shall direct the report to the national assembly.
- The C&AG has the right to examine books, accounts, and reports.
- The C&AG is obliged to vacate office upon reaching 60 years of age.
- The C&AG may only be removed from office owing to inability to perform his functions (either for illness or any other reason), or for misbehavior, or for violation of the law.
- The C&AG may not hold any other government office.

Source: Articles 143–44, Tanzania (1977).

- The President appoints the C&AG (PFA, article 26 (1)), just as Her Majesty appointed the C&AG in the United Kingdom in the 1866 E&A Act (article 3).

The C&AG's Office is a department of *government* (PFA, article 26 (1)), whereas the independence of the NAO from the executive is firmly enshrined in U.K. law.

The PFA 2001 requires the C&AG's annual report to be submitted to the minister of finance who is responsible to submit it to the Tanzanian National Assembly. In contrast, in the United Kingdom, the C&AG, acting on his/her own authority, submits his/her annual report directly to the House of Commons.

Also, following the "model" of the United Kingdom's E&ADAs, Tanzania retained in a single statute the legal provisions for financial management and external audit (rather than adopting two separate laws). It follows that Tanzania's external audit arrangements are largely based on the E&ADAs of the United Kingdom. In Britain, the monarch appoints the C&AG, although by custom, she follows the advice of her ministers, notably the prime minister. Hence the 1983 NAO Act specifies that the prime minister is to present the nomination for a new C&AG in an address to parliament, but only if he/she has obtained the agreement of the chair of the PAC, i.e., parliament is explicitly involved in the appointment of the C&AG in the United Kingdom. This is not the case in Tanzania.

The C&AG in Tanzania is also required "to satisfy himself that economy, efficiency, and effectiveness have been achieved in the use of public moneys." However, capacity constraints severely limits the work on value-for-money audits. In contrast, the NAO has changed work practices over the past 20 years to enable it to carry out about 60 value-for-money audits per year (National Audit Office, 2005).

The Tanzania PFA provides wide scope for the C&AG's activities, including a mandate to audit public authorities and bodies receiving public moneys, including local governments.

This was also the case in the United Kingdom until 1983, when there was a split between the NAO's mandate for central government activities and those of the Audit Commission, which was created for the purpose of auditing the financial activities of local governments and the providers of health, housing and criminal justice services (Audit Commission, 2005).

The independence of the C&AG in Tanzania conforms largely with the 1961 Ordinance, which refers to the C&AG as "the person appointed under the Tanganyika Order in Council, 1920, as amended from time to time," i.e., as modified by the executive. Changes in law, and possibly the Constitution, would be required to enhance the independence of the C&AG from the executive, including for appointing and dismissing the C&AG, and the introduction of direct reporting by the C&AG to parliament (i.e., bypassing the obligation to first submit reports to the executive). In this context, Commonwealth parliamentarians concluded that the independence of the C&AG is the most important attribute and must be seen in his/her appointment, tenure, removal from office, with this mandate included in constitutions (Commonwealth Parliamentary Association, 2001 and 2004).

In summary, the Tanzania system of audit is clearly based on the "anglo-saxon model" as it existed in the United Kingdom prior to 1983. The external audit function is vested in one person—the C&AG. This contrasts with the "German model," in which a collegiate body takes irregularities to an ordinary law court, the "Latin model," in which there is a collegiate body with judicial function, and the "Nordic model," in which the audit function is highly dependent on parliament (p. 15, Crespo, 2005).

VII. Ongoing Evolution and Performance of the Two Countries' Systems

The preceding sections have demonstrated that many of the features of Tanzanian budget system find their roots in the arrangements inherited from the United Kingdom. The PFM systems in both countries have evolved considerably over the past 40 years or so, and are continuing to evolve. Whether or not the Tanzanian PFM system will diverge or continue to follow U.K. developments depends in part on the relative performance of the systems practiced in the two countries.

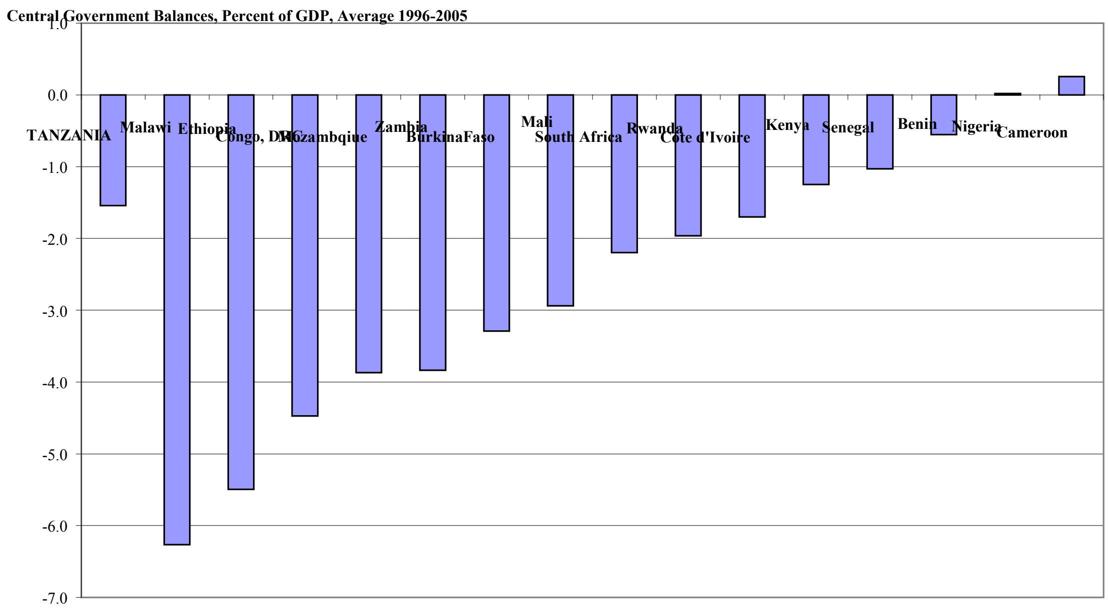
Performance in Tanzania under the inherited system

If the inherited PFM system is a particularly good one and if it is applied well, Tanzania's budgetary performance could be expected to be better than that of countries at a similar stage of development and which has inherited a different PFM system. A comprehensive examination of budgetary performance is beyond the scope of this paper, which is confined to two important indicators.

First, regarding the aspects of the PFM system that have been examined in this paper—budget preparation, budget execution, fiscal reporting, and external audit—cross-country analyses were performed by the staffs of the IMF and World Bank in 2001 and 2004. In both assessments, Tanzania performed quite well. In the 2004 assessment of 25 low-income countries, Tanzania met 11 out of 16 benchmarks (Figure 1, World Bank, 2004), the highest of any country. The fact that a number of anglophone countries (e.g., Gambia, Ghana, Sierra Leone, Zambia) had quite low scores, and Mali (a country with a PFM system inherited from France) scored equally as well as Tanzania, indicates that it is perhaps not the British-inherited PFM system per se that contributes to Tanzania’s relatively good performance, but the way the PFM system is applied in practice.

Second, overall fiscal performance, as measured by the fiscal deficit excluding grants during the past decade, has also been amongst the best in sub-Saharan Africa (Figure 3). This indicates the authorities’ resolve to maintain fiscal stability, which has been “rewarded” by relatively generous grants and concessional loans by donors.

Figure 3. Fiscal Balances: Tanzania and 15 Other Countries



On the basis of these two indicators—the PFM system as a whole and fiscal deficit outcomes—it appears that Tanzania’s budgetary performance has fared somewhat better than that of other comparable countries. However, in both of these two cross-country comparisons, the fact that Francophone countries also perform well, and other ex-British colonies perform poorly, indicate that there are other factors at play, independent of the inherited institutional budgetary arrangements.

Evolution and performance of the U.K. budget system

In both Tanzania and the United Kingdom, the PFM system is constantly evolving. In the United Kingdom, in recent years, the budget system has seen a number of changes or innovations, including:

- Executive agencies, headed by chief executives, have considerable budgetary autonomy and flexibility to implement public policies.

- This was part of a wider system of budget management, where results, performance and expenditure efficiency are viewed as fundamental. Public Service Agreements provide the framework necessary for implementing the new system.

- A sharper focus on medium-term fiscal sustainability. In this context, a code of fiscal stability was introduced by the government in 1998, and two important fiscal rules (a golden rule and a sustainable investment rule that requires net public sector debt to be held below 40 percent of GDP over the cycle) were adopted.

- An accrual budgeting and accounting system, which assists spending departments to assess the full cost of policies and to facilitate the measurement of improvements in the spending efficiency. Although an accrual budgeting system was also introduced, cash controls were maintained on expenditures.

- Comprehensive public spending reviews have been conducted every two years; these allow spending policies to be evaluated and changed, when needed.

- Greater accountability for accounting officers, who are required to respond to more active parliamentary committees that scrutinize expenditures. In addition, value-for-money audits (rather than compliance audits) for particular spending programs have become increasingly important for the NAO. These reports need to be followed up by managers in spending departments.

- Improved fiscal reporting, not only for spending departments that prepare annual reports of performance, but also (for the first time) whole-of-government reporting.

All of the above changes, with the exception of accrual accounting and whole-of-government reporting, were introduced by the government, without legislative changes.[33]

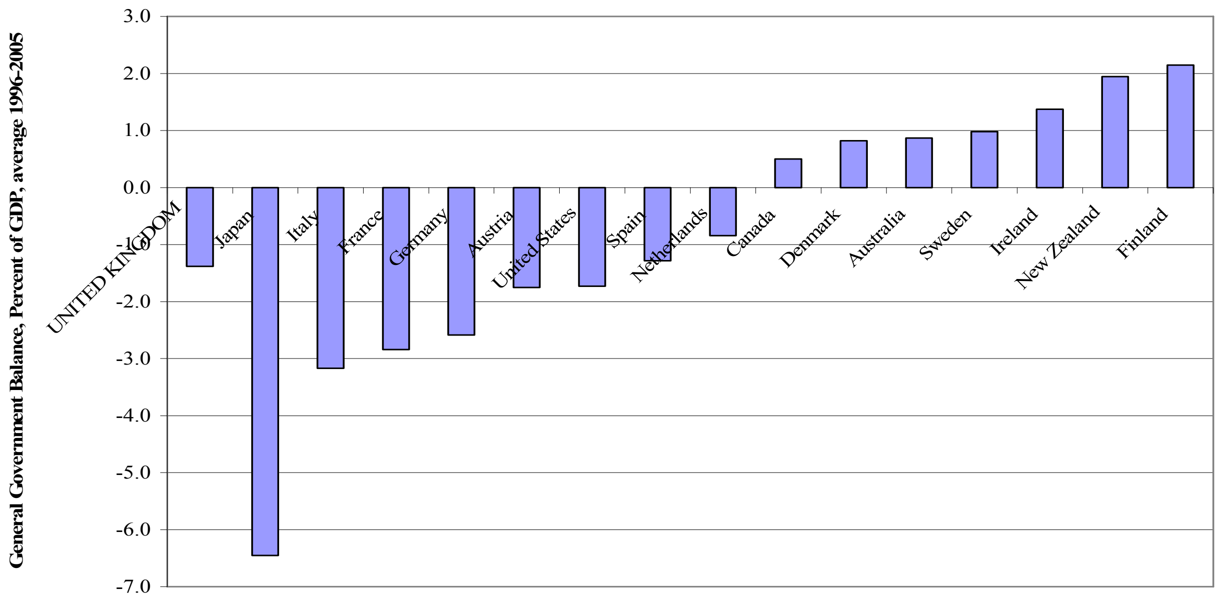
As a first step toward assessing the influence of various institutional features, including the PFM system, on budget performance, it is of interest to know how the fiscal outcome of the United Kingdom performs relative to countries at a comparable stage of development, but with different institutional features and different PFM systems. An initial analysis—based on average fiscal deficit performance over the past ten years—suggests that the United Kingdom has performed neither significantly better, nor significantly worse, than other comparable countries. Some countries (e.g., the large European Union (EU) countries, Japan, and United States) have experienced larger average deficits, whereas the fiscal performance of some smaller EU countries and three OECD countries with British inheritance (Australia, Canada, and New Zealand) has been better, with several of them running fiscal surpluses for extended periods of time (Figure 4).

VIII. Concluding Remarks

This paper has shown that Tanzania's budget system still bears many of the features of the British public financial management system. Several contextual factors—political, electoral, and legal—are also similar, although there are some divergences, especially the form of government (semi-presidential in Tanzania versus a Westminster parliamentary monarchy in the United Kingdom).

[33]The Code of Fiscal Stability was, however, required by the 1998 Finance Act.

Figure 4. Fiscal Balances: United Kingdom and 15 Other Countries



Given that the inherited institutional features are difficult to change in any country, it is perhaps unsurprising that the Tanzanian budget system still bears the British stamp. Does this imply that any inappropriate features of the public financial management system are too difficult to change? Or does the relative absence of change imply that the system has served Tanzania well? Are there lessons for Tanzania and other countries of Westminster tradition for modernizing their budget systems? While it is difficult to provide definitive answers to these questions, some tentative conclusions follow.

First, the *decentralized budget management system* appears to have served Tanzania well. Accounting Officers are responsible for all aspects of budget management in each ministry or department, including for budget preparation, budget execution, and defending the annual accounts and budget outcomes of his/her ministry or department before Parliament's public accounts committee (PAC).

Second, *accountability arrangements* are in place. In particular, parliamentary committees are active in Tanzania. The British system provides a means for parliament to change budget management, notably by requesting the government, through the PAC, to follow up on the recommendations of reports by the auditor general. A well-functioning PAC, along with an independent auditor general's office, which serves primarily the legislature, can make an important contribution to better budget management in any country.

Third, the *legislature in Tanzania has inherited weak budgetary powers* relative to the government's power. The weakness of the Tanzanian parliament's budgetary powers emanates particularly from the U.K.'s long-standing constraint on parliament not being able to amend the draft budget, except for downward adjustment to expenditures. This strong constraint is embedded in Tanzania's Constitution and it would be very difficult to change, even if it was considered desirable to provide parliament with stronger incentives to change budgetary policies (e.g., to propose higher spending provided it is financed by higher taxes, leaving the deficit unchanged). Although important, Tanzania's parliament, as in the United Kingdom, lacks a dedicated budget committee that scrutinizes the ex ante budget. The result is that strong governments are able to "force through" their own budgets. While this allows responsible governments to attain desirable fiscal stability objectives, it is less democratic, as parliamentarians only have a limited voice in budget-decision making.

Fourth, *regular and in-depth reviews of public spending,* which are more recent innovation in the United Kingdom, are also taking place in Tanzania. To some extent these reviews—which are increasingly taking place in the context of a medium-term horizon in Tanzania—offset the lack of ex ante budget scrutiny observed in the preceding paragraph.

Fifth, the *practice of not adopting the budget as a formal Appropriations Act until after the start of the fiscal year* undermines the authority of parliament. This feature is unique to Westminster countries. In non-Westminster countries, the executive typically presents the annual budget to parliament well before the beginning of the fiscal year and parliament adopts the budget as a law before the start of the fiscal year. Adequate time is allowed for full parliamentary discussion of the draft budget. In contrast, in both Tanzania and the United Kingdom, the Appropriations Act, which provides the legal authority for all spending, is not debated in parliament. The focus of the parliamentary debate, which in the United Kingdom is limited to three days, is on the detailed estimates of expenditures.

Sixth, concerning *the centralization of budget decision-making,* unlike in the United Kingdom, where a planning board and ministry had relatively short lives, in Tanzania the planning function is still active. In 2005, a planning ministry, separate from the MoF, was recreated from a planning agency. Although the budget is unified in presentation, the existence of a separate ministry and Minister of Planning helps perpetuate dual budgeting—a "development" budget separate from the recurrent budget. This fragments budget planning at the center, to the detriment of developing budget formulation capacity in line ministries.

Seventh, although some features of the *Westminster political arrangements* continue to prevail, Tanzania adopted a semi-presidential system of government, breaking away from the British system of retaining a monarch as head of State. A directly elected president, coupled with inherited features of the Westminster system (notably the requirement that the prime minister and all cabinet ministers must be members of the national assembly), results in a balance of budgetary power that is particularly skewed toward the executive. Indeed, the President of Tanzania could have a particularly strong voice in budget decisions. One difference is that, unlike the head of state in the United Kingdom, the president is not constrained to act on the advice of his ministers. On the contrary, the Constitution states that "the President is free and shall not be obliged to take the advice given to him by any person" (save where he is required to act within the law). For countries where power is concentrated in a strong executive, it is particularly important to develop strong accountability institutions, by reinforcing the role of parliament and by strengthening the external auditor's role, including by ensuring that the audit office does not become an instrument of the executive.[34]

[34] In The Gambia's Constitution—and as in other Anglophone countries—the Auditor General can only be removed from office for inability to perform his functions, for misbehavior or incompetence. However, in the early 2000s, The Gambia's Auditor General was removed from office on the recommendations of a Commission of Inquiry set up to investigate allegations against her (Transparency International, 2004).

Eighth, concerning the *electoral system*, most members of Tanzania's National Assembly are elected by a first-past-the-post system, as in the United Kingdom. Unlike in the United Kingdom, where 2–3 major parties dominate politics, in Tanzania, the abandonment of a one-party political system in the early 1990s has not yet resulted in the development of strong opposition political parties.[35] The main alternative to the majoritarian electoral system is one based on proportional representation, which, in both countries, would result in a greater voice being given to smaller political parties and quite likely, the necessity to form coalition governments. While this would increase the involvement of parliamentarians in budgetary processes, it would also increase political fragmentation, which has been shown to undermine spending discipline in European countries (e.g., Hallerberg and von Hagen, 1999).

Ninth, the *legal framework* in both countries includes a strong emphasis on the accountability of budget managers (accounting officers) and on the role of external audit. In both countries, there are no explicit provisions in law on the nature, structure and duration of annual appropriations. Although the British budget system is ultimately based on law, the relative lack of detailed legal provisions in some areas allows flexibility in budget management compared with say, French- or Spanish-based budget systems. This observation relates especially to budget preparation where, for example, MTBFs and a performance orientation to the annual budget has been, or is being, developed without having to change law. The British-based system inherited in Tanzania has the advantage of allowing changes to be introduced without legal constraints (although Tanzania is somewhat more bound by law, and hence less flexible, than the United Kingdom).

In summary, on the basis of the indicators of this paper, the inherited features of the British PFM system appear to have served Tanzania well. There are, however, other determinants that contribute to sound fiscal performance. In particular, there is evidence in the literature that support the view that soundly designed fiscal rules and institutions, which are effectively implemented because of strong political commitment to fiscal discipline and transparency, are fundamental for determining good fiscal outcomes. Further research is needed to isolate the separate contribution of the strong influence from the British budget management system on Tanzania’s relatively good recent fiscal performance.

[35] See Bagachwa et. al. (1993). In 1992, the late President Nyerere, pleaded to move to a multiparty system as part of a process of modernization of democratic institutions. Later, he favored multipartyism because he felt the CCM was becoming corrupt and detached from its roots (see Mmuya, 2000). Kessler (2006) notes that when the Nyalali commission reported in the early 1990s, most Tanzanians opposed multi-partyism out of fear that political competition would lead to violence. The CCM also had this concern, along with loss of power, although neither has occurred in practice.

Appendix I. Indices on the Separation of Powers and the Control by the Legislature

This appendix describes how the index on the separation of powers and limitations of the executive's powers by the legislature was constructed.

Questions Relating to the Separation of Powers and Political Control

Description of Variable	Quantification
Part A. Separation of Powers (a high value indicates strongly separated powers)	
1. Is the head of State directly in elections separate from elections for the legislature?	1 = Yes. 0 = No.
2. Is the head of State also a constituent part of the legislature?	1 = No. 0 = Yes.
3. Can the head of government (Prime Minister) be drawn from outside the legislature?	2 = Yes, citizens elect him/her directly. 1 = Yes, by appointment of the head of State. 0 = No, he/she must be an elected member of the legislature.
4. Is it impossible for Cabinet members to hold simultaneously positions in both the legislature and in the government (executive).	1 = Yes. 0 = No.
5. Do nearly all draft laws originate in the legislature?	1 = Yes 0 = No.
Part B. Limitations on Executive Power by the Legislature (a high value indicates strong control of the executive by the legislature)	
6. Can the legislature vote "no confidence" in the government (executive)?	2 = Yes, by voting "no confidence" in the government as a whole. 1 = Yes, by voting "no confidence" in the Prime Minister. 0 = No, not under any circumstances.
7. Can the head of State dissolve the legislature and call new elections?	2 = No, not under any circumstances. 1 = Yes, under certain circumstances specified in the Constitution. 0 = Yes (upon request of parliament or the Prime Minister).
8. Can the head of State or government veto bills modified (and possibly approved) by the legislature?	2 = No, not under any circumstances. 1 = Yes, provided the veto is not rejected by a supermajority in the legislature. 0 = Yes.
9. Can the executive adopt secondary laws with the same force as primary laws?	1 = No. 0 = Yes, some secondary laws are not reviewed by the legislature.
10. Can the legislature block the appointment of political appointees that are nominated by the executive?	1 = Yes. 0 = No.

Numeric Values for the Separation of Powers and of Control—for the Legislature and the Executive

	Presidential System, with Strongly Separated Powers	Tanzanian Presidential System	Semi-Presidential	Non-Westminster Parliamentary Republics (Including Those with Monarchs)	Westminster Parliamentary Monarchies
A. Separation of the Legislature from the Executive					
1. Election of head of State	1	1	1	0	0
2. Head of State separate from legislature	1	0	1	1	0
3. Selection of head of government	2	0	1	1	0
4. Non-compatibility of legislature and executive1/	1	0	0.5	0.5	0
5. Origin of draft laws	1	0	0	0.1 2/	0
Total	**6**	**1**	**3.5**	**2.6**	**0**
B. Control of the Executive by the Legislature					
6. "No confidence" vote	0	1	2	2	2
7. Dissolution of the legislature by head of State	2	1	1	0	0
8. Veto power of head of State or government	1	1	1	0	0
9. Adoption of secondary laws by executive	1	0	1	1	0
10. Legislative power over political appointees	1	0	0	0	0
Total	**5**	**3**	**5**	**3**	**2**
Overall Index of Separation of Political Powers (total possible score = 14)	**11**	**4**	**8.5**	**5.6**	**2**

1/ The values of 0.5 reflect that fact that in some countries, it is not explicitly stated that the functions are incompatible. See Laundy, 1989, p. 32.
2/ The value of 0.2 reflects the fact that in a few parliamentary republics (e.g., Italy), most draft laws originate in the legislature, not the government (as in say, Germany). See Rose, 1984, Table 3.1.

Appendix II. Tanzania: Index of Legislature's Budgetary Powers

The legislature's index of budgetary power is constructed on the basis of four questions relating to budget preparation and one question on budget execution, as follows:

Questions Relating to Budgetary Powers	Quantification for Tanzania
1. Establishment of the medium-term budget strategy. Does the legislature approve each year, an updated budget strategy covering at least 3 years (including the new budget year)?	0 = No, at best, the legislature is only informed of the government's medium-term strategy
2. Power to amend the annual budget. Does the legislature have unlimited powers to amend the draft budget proposed by the executive? If there are any restrictions, how severe are these?	0 = neither budget balance nor composition may change except in very minor ways. Legislature must, in effect, accept or reject entire budget
3. Time allowed for discussion of annual budget. How many months does the legislature receive the draft budget from the executive?	0 = Less than one month or after the beginning of the fiscal year
4. Technical support in the legislature. Does the legislature have a specialized budget advisory/research organization attached to provide budgetary analyses independent of the executive?	0 = No
5. Restrictions during budget execution. Does the legislature oblige the government to implement its expenditure programs exactly as adopted? If not, what restrictions are there on the governments powers to modify the budget during implementation?	1 = Executive may withhold or reallocate funds, subject to certain limits.

In Figure 2 of the main text, the following countries were included. The values of the index of the budgetary powers of the legislature, based on the above questions, are also shown.

Type of Government	Countries	Score on Index [1]
Presidential Systems	Argentina, Bolivia, Indonesia, Mexico, United States.	4.8
Semi-Presidential Systems (with parliaments)	Austria, Finland, France, Hungary, Korea, Portugal.	3.9
Parliamentary Systems (republics or monarchies)	Belgium, Denmark, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden.	5.5
Westminster	Australia, Canada, New Zealand.	0.7
	United Kingdom (Westminster).	1
	Tanzania (semi-presidential).	1

[1] For more information on the score, see Lienert, 2005, and OECD, 2003.

BIBLIOGRAPHY

Audit Commission, 2005, *Improving Public Services: Inside the Audit Commission*, available online at http://www.audit-commission.gov.uk/aboutus/downloads/IntrotheAC2003.pdf.

Bagachwa, Mboya S. D and Ammon V.Y. Mbelle, 1993, *Economic Policy Under a Multiparty System in Tanzania*, (Tanzania: Dar-es-Salaam University Press).

Barendt, Eric, 1997, *Is There a United Kingdom Constitution?,* Oxford Journal of Legal Studies, Vol. 17, No. 1, Spring, pp. 137–46, Oxford University Press.

Bouley, D. Fournel, J. and Leruth, L., 2002, "How Do Treasury Systems Operate in Sub-Saharan Africa," IMF Working Paper 02/58 (Washington: International Monetary Fund).

Bourne, Sir John, 2005, *Public Audit in the United Kingdom,* Chapter 2 of *Public Expenditure Control in Europe* (Cheltenham: Edward Elgar).

Brazier, Alex (1999), *Parliament and the Public Purse: Improving Financial Scrutiny*, Hansard Society Discussion Paper No. 3, Scrutiny Commission, London.

Brazier, Alex and Vidya Ram, 2005, *Inside the Counting House: A Discussion Paper on Parliamentary Scrutiny of Government Finance*, Hansard Society, http://www.hansardsociety.org.uk/assets/Inside_the_Counting_House-_Hansard_Society_Report.pdf, December.

Brazier, Alex and Vidya Ram, 2006, *The Fiscal Maze: Parliament, Government and Public Money*, (London: Hansard Society).

Bridges, Lord, 1964, *The Treasury,* The New Whitehall Series No. 12, (London: George Allen and Unwin Ltd.).

Brittain, Herbert, 1959, *The British Budgetary System,* (London: George Allen and Unwin Ltd.).

Central Office of Information, 1992, *The British System of Government,* Publishing Services, (London: The Stationary Office).

Chapman, Richard A. 1997, *The Treasury in Public Policy Making*, (London and New York: Routledge).

Colonial Office, 1961, *Tanganyika under United Kingdom Administration,* report by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the General Assembly of the United Nations for the year 1960, (London: Her Majesty's Stationery Office, Colonial No. 349).

Commonwealth Parliamentary Association, 2001, *Parliamentary Oversight of Finance and the Budgetary Process,* report prepared at a workshop in Nairobi, Kenya, December 10–14, 2001 http://www.cpahq.org/topics/parloversight.

Commonwealth Parliamentary Association, 2004, *The Budgetary Cycle, Oversight and Public Accounts Committees*, Regional Seminar for Caribbean Parliamentarians, Port of Spain, Trinidad & Tobago, July 5–8, 2004.

Crespo, Milagros García, ed., 2005, *Public Expenditure Control in Europe,* (Cheltenham: Edward Elgar).

Debrun, X. and Kumar, M, 2007, *The Discipline-Enhancing Role of Fiscal Institutions: Theory and Empirical Evidence,* forthcoming EU publication, draft available from mkumar@imf.org.

Daintith, Terence and Alan Page, 1999, *The Executive in the Constitution*, (Oxford and New York: Oxford University Press).

Erskine May (1997, 22nd edition), Treatise on The Law, Privileges, Proceedings and Usage of Parliament (London: Butterworth).

Fabrizio, Stefania and Ashoka Mody, 2006, *Can Budget Institutions Counteract Political Indiscipline?* IMF Working Paper 06/123 (Washington: International Monetary Fund).

Gould, Jeremy and Julia Ojanen, 2003, Merging the Circle: The Politics of Tanzania's Poverty Reduction Strategy, Policy Papers 2/2003 (University of Helsinki: Institute of Development Studies).

Hallerberg, Mark, and Jürgen von Hagen, 1999, *Electoral Institutions, Cabinet Negotiations, and Budget Deficits in the European Union*, in *Fiscal Institutions and Fiscal Performance*, eds. James Poterba and Jurgen von Hagen, (Chicago: University of Chicago Press).

Hallerberg, Mark, Rolf Strauch, and Jürgen von Hagen, 2004, *The Design of Fiscal Rules and Forms of Fiscal Governance in European Union Countries*, ECB Working Paper, No. 419, (European Central Bank: Frankfurt).

Hansard, 2001, *The Challenge for Parliament: Making Government Accountable: Report of the Hansard Society Commission on Parliamentary Scrutiny* (London: Vacher Dod).

H.M. Treasury, 1999, *Government Resources and Accounts Bill: Explanatory Notes,* prepared by Her Majesty's Treasury for the House of Commons, http://www.publications.parliament.uk/pa/cm199900/cmbills/003/en/00003x--.htm.

House of Commons, 2005, *Standing Orders of the House of Commons - Public Business,* http://www.publications.parliament.uk/pa/cm200506/cmstords/416/41601.htm.

House of Commons, 2006, *Statutory Instruments*, Factsheet L7, House of Commons Information Office, London, http://www.parliament.uk/documents/upload/L07.pdf.

IMF, 2005, *Update on the Assessments and Implementation of Action Plans to Strengthen Capacity of HIPCs to Track Poverty-Reducing Public Spending*, IMF Fiscal Affairs Department and World Bank Poverty-Reduction and Economic Management Network, http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTPUBLICFINANCE/0,,contentMDK:20235429~pagePK:148956~piPK:216618~theSitePK:1339564,00.html#2005

IMFa, 2006, *United Kingdom: Staff Report for the 2005 Article IV Consultation*, IMF Country Report No. 06/86 (Washington: International Monetary Fund).

IMFb, 2006, *United Republic of Tanzania: Ex Post Assessment of Longer-Term Program Engagement*, IMF Country Report No. 06/198 (Washington: International Monetary Fund).

Kessler, Ilana R., 2006, *What Went Right in Tanzania: How Nation Building and Political Culture Have Produced Forty-Four Years of Peace,* thesis submitted to the Edmund A. Walsh School of Foreign Service, (Washington: Georgetown University), http://aladinrc.wrlc.org/bitstream/1961/3688/1/Kessler_Ilana_Thesis.pdf.

Lawson, Andrew and Lise Rakner, 2005, *Understanding Patterns of Accountability in Tanzania: Synthesis Report,* Oxford Policy Institute, REPOA and C. Michelson Institute, August http://www.opml.co.uk/docs/Patterns_of_Accountability_Synthesis_Report.pdf.

Laundy, Philip, 1989, *Parliaments in the Modern World*, Inter-Parliamentary Union (Aldershot: Dartmouth Publishing Company).

Lienert, Ian, 2003, *A Comparison Between Two Public Expenditure Management Systems in Africa*, IMF Working Paper 03/2 (Washington: International Monetary Fund).

Lienert, Ian, 2005, *Who Controls the Budget: The Legislature or the Executive?* IMF Working Paper 05/115 (Washington: International Monetary Fund).

Lienert, Ian and Moo-Kyung Jung, 2005, *The Legal Framework for Budget Systems—An International Comparison*, OECD Journal of Budgeting, Vol. 4, No. 3 (Paris: OECD).

Magambo, N.B.S., 1985, *Government Budgetary Methods and Procedures in Tanzania,* paper presented at a conference on government budgetary methods and procedures, held in Cyprus.

Magambo, Nashon, 2004, *Budget Cycle in Tanzania,* presentation available on World Bank website, http://info.worldbank.org/etools/docs/library/113662/5.pdf.

Makerere University, 2001, *Tanzania: Key Historical and Constitutional Developments,* Faculty of Law, http://www.kituochakatiba.co.ug/tz%20const.htm, website of East African Centre for Constitutional Development.

Moussa, Yaya, 2004, "Public Expenditure Management in Francophone Africa: A Cross-country Analysis," IMF Working Paper 04/42 (Washington: International Monetary Fund).

Mmari, Dr. et. al., 2005, *Understanding Patterns of Accountability in Tanzania: Component 3,* report by a team of researchers on behalf of the Governance Working Group of the Development Partners to Tanzania, August.

Msekwa, Pius, 2000, *Reflections on Tanzania's First Multi-Party Parliament: 1995-2000* (Dar es Salaam: University Press).

Mmuya, Max, 2000, *Democratisation, Party Politics and Elections in Tanzania*, in Engel, Ulf, Gero Erdmann & Andreas Mehler (eds.), Tanzania Revisited: Political Stability, Aid Dependency and Development Constraints, Hamburg, Institute of Africa Affairs.

National Audit Office (NAO), 2005, *The History of the National Audit Office,* available on website of the NAO, http://www.nao.org.uk/about/history.htm.

OECD, 2003, "Results of the Survey on Budget Practices and Procedures," OECD and World Bank, http://ocde.dyndns.org.

Okema, Michael, 1990, *Some Salient Changes in the Tanzanian Parliamentary System,* chapter 2.3 of *Tanzania: Democracy in Transition,* op. cit.

Plowden, Lord, 1961, *Control of Public Expenditure*, Presentation to Parliament by the Chancellor of the Exchequer by Command of Her Majesty, Her Majesty's Stationary Office, reprinted 1964.

Rose, Richard, 1984, *Understanding Big Government: The Programme Approach* (London: Sage Publications).

Roseveare, Henry, 1969, *The Treasury: The Evolution of a British Institution* (London: Allen Lane, The Penguin Press).

Sharman, Lord of Redlynch (2001), *Holding to Account: The Review of Audit and Accountability for Central Government*, H.M. Treasury, London, available at www.hm-treasury.gov.uk/media/6C3/BE/38.pdf, February.

Schick, Allen, 1996, *The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change*, report prepared for the State Services Commission and the New Zealand Treasury, August, available at http://www.ssc.govt.nz/Documents/Schick_report.pdf.

Schick, Allen, 2001, *Reflections on the New Zealand Model*, lecture at the New Zealand Treasury, August, available at http://www.treasury.govt.nz/academiclinkages/schick/paper.asp.

Schick, Allen, 2002, *Can National Legislatures Regain an Effective Voice in Budget Policy*? OECD Journal on Budgeting Vol. 1 No. 3, pp. 15–42 (Paris: OECD).

Tanzania Parliament, 2001, *The Standing Orders*, 2001 Edition, available via website, http://www.parliament.go.tz/bunge/Docs/part1_1977.pdf.

Tanzania, United Republic of, 1977, *The Constitution*, available on government website, http://www.tanzania.go.tz/constitutionf.html.

Thain, Colin and Maurice Wright 1995, *The Treasury and Whitehall*, (Clarendon Press, London).

Transparency International, 2004, *National Integrity Systems TI Country Study Report: The Gambia,* Transparency International, www.transparency.org/content/download/1648/8365/file/gambia_q.pdf

U.K. Parliament, 2006, *Parliament and Government,* Parliament Explained 3, http://www.explore.parliament.uk/cms/DocumentUploads/teacherses03.pdf#search=%22%20%22parliament%20explained%203%22%22.

von Hagen, J. and I. Harden, 1995, "Budget Processes and Commitment to Fiscal Discipline," *European Economic Review,* Vol. 39 (April), pp.771–9.

Wehner, Joachim, 2005, "Cross-National Variation in Legislative Budgeting," (London: London School of Economics), forthcoming.

White, Fidelma and Kathryn Hollingsworth, 1999, *Audit, Accountability and Government*, (Oxford: Clarendon Press).

Winetrobe, Barry K, 2000, "Shifting control—Aspects of the executive-parliament relationship," Research Paper 00/92, Parliament and Constitution Centre (London: House of Commons Library).

World Bank, 1999, *Tanzania: Partnership and Continuous Dialogue for Improved Budget Management,* Africa Region Infobriefs No. 44, September, http://www.worldbank.org/afr/findings/infobeng/infob44.htm.

World Bank, 2004, *Tanzania: Public Expenditure Management Country Assessment and Action Plan (AAP)*, IMF staff, in collaboration with World Bank staff and the Tanzanian authorities, July, http://www1.worldbank.org/publicsector/pe/HIPC/TanzaniaAAP2004.pdf#search=%22AAP%20HIPC%20tanzania%22