



HESPI Training on Public Expenditure Management for Senior Government Officials of South Sudan

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Comprehensiveness of the Budget and Consistency with Macro-economic Objectives





Outline

- **Ensuring Comprehensiveness of the Budget Planning**
- **Budget and Consistency with macro-economic objectives**
- **Government and public participation**



Legal Basis

PFMA- Act, stipulates that: (Article 16-17)

- Detailed forecast of proposed revenue for the forthcoming year shall be presented to the Assembly within a consistent three (3) year macro-economic framework,
- multi-year projects and programmes, the detailed estimates of proposed expenditure for the forthcoming year shall be presented to the Assembly within a three year Medium Term Expenditure Framework
- Public spending shall match with the available financing;
- No Government expenditures shall be off-budget.
- The appropriation shall be for budgetary expenditure for the forthcoming financial year in its totality,



Comprehensiveness of the Budget

- Budgets should be comprehensive, transparent and realistic.
- In order to promote these objectives, a budget should contain the following elements:
 - a macroeconomic framework and revenue forecast,
 - a discussion of budget priorities,
 - planned expenditure and past outturns,
 - a medium-term outlook and details on budget financing, debt and the government's financial position
- all expenditures and revenues of the national government (Central+Sub-national)



Comprehensiveness of the Budget...

- **Comprehensiveness of the budget is explained by:**
 - Completeness of the coverage of government operations in the budget document;
 - comprehensive and include all sources of revenue and all expenditures incurred in a given period
 - Containing budget estimates in gross;
 - The implementation of comprehensive budget classification;



Comprehensiveness of the Budget...

Comprehensiveness of the Budget is important for :

- **Policy formulation and performance analysis.**
- **Allocating resources efficiently among sectors.**
- **Ensuring compliance with the budgetary resources approved by the legislature.**
- **day-to-day administration of the budget;**
 - **to have a meaningful budget tracking analysis and identify the efficiency and effectiveness of the allocation of scarce resources to specific public services.**



Budget and Consistency with macro-economic objectives

- The budget process starts with the planning stage;
- This stage is the most critical in linking the annual budgetary process with medium and long term development objectives of the country and having feasible and credible budget.
- The planning stage encompasses:
 - economic and budget review of previous years,
 - the setting of future policy directions,
 - determination of available resources,
 - setting program priorities and distribution/allocation of the corresponding resources.



Budget and Consistency with macro-economic objectives...

- Public budgets translate a government's policies, political commitments, and goals into decisions on how much revenue to raise, how it plans to raise it, and how to use these funds to meet the country's competing needs,
- Budgets should be closely aligned with the medium-term strategic priorities of government:
- To promote alignment with the multi-year planning, prioritisation and goal-setting functions of government, the budgeting process should
 - develop a stronger medium-term dimension, beyond the traditional annual cycle; and
 - organise and structure the budget allocations in a way that corresponds readily with national objectives.



Budget and Consistency with macro-economic objectives...

- A medium-term expenditure framework (MTEF) is an important tool in setting a basis for the annual budget.
- One-year time horizon of the annual budget process is too short to enable the government to assess current spending decisions in the light of future claims on resources.
- Budgeting on short-term perspective encourages incremental decisions, where the next budget is built on the previous one, with only marginal adjustments.
- The MTEF seeks to counter this tendency by extending the time horizon to the medium-term (typically, 3-5 years);
- MTEF involves both the top-down fiscal plan and the bottom up sector planning.
- MEFF is a rolling plan that is updated each year to accommodate changes in the economic developments and adjust the expenditure carry-over of programs and projects not implemented in the previous fiscal year;



Budget and Consistency with macro-economic objectives...

MTEF has the benefits to:

- Improve macroeconomic balance by developing a consistent and realistic resource framework;
- Improve the allocation of resources to strategic priorities between and within sectors;
- Increase commitment to predictability and transparency of both policy and funding so
- Provide them with a hard budget constraint and increased autonomy, thereby increasing incentives for efficient and effective use of funds.
- setting fiscal targets which would be a basis for the preparation of the annual budget.



Budget and Consistency with macro-economic objectives...

The MTEF document mainly contains the assumptions and forecasts

- Economic Growth and GDP;
- External sector (Import and Export);
- Inflation;
- Exchange Rate;
- Government revenues projections;
- the allocation to capital and recurrent expenditures for the federal government;
- the allocation to the total block grant transfers to the regional governments; and
- The fiscal deficit.



Government and Public Participation

Objectives:

- Help in prioritization of development needs;
- Enhance budget efficiency and effectiveness;
- promotes Government service delivery;
- Facilitate budget formulation and implementation;
- provide governments with valuable information flows about the use or misuse of public expenditures at a local level and the quality of service delivery.



Government and Public Participation...

Why Government response to participatory budgeting is weak?

- ***Lack of Government Political Will to Engage with PB:***
- A number of Governments are either neutral or hostile towards participatory budgeting, at least initially.

They have reasons:

- It is more difficult to make the tough choices necessary between competing fiscal demands if budget formulation is subject to public discussion;
- Leakages of key features of the budget prior to presentation in the legislature will lead to speculation and may have a destabilizing effect on markets;
- Creating formal openings for budgetary participation will challenge their capacity and limit their ability to act decisively.
- Creating the need for consultations with multiple civil society stakeholders is time-consuming and open-end;
- lead to substantial delays in the passage of the budget;
- Civil society groups doing budget work is unclear and.
- The capacity of the poor to contribute meaningfully to “complex” discussions about budget settings is weak;



Government and Public Participation...

- **Government Capacity Constraints:** Even when political will is not a major obstacle to government engagement with participatory budgeting, issues of government capacity — financial, intellectual and political is a challenge;
- **Personnel and Resources Gaps:** Finance ministries may have weak capacity owing to a loss of senior personnel;
- **Analytical Skills:** Weak analytical capacity can hamper the implementation of PB programmes;



Government and Public Participation...

What to do to promote Government Engagement in PB?

- Create political will and enhance weak government capacity.
- Strengthen external pressure from civil society and their partners;
- Work closely with civil society to leverage additional knowledge and capacity.
- Realize concrete benefits from forming closer relationships with civil society.
- Encourage specialized civil society groups doing budget work and use their input in the budget process;



Government and Public Participation...

- **Participants in the Budget Process**

- Participants in the budget process can be categorized in to two.
- These are government and non-government actors.

- **Government**

- From the government side all public institutions including the Legislator, Cabinet, the Ministry of Finance; line Ministries and Auditor General involved in the planning, formulation and implementation of the budget.



Government and Public Participation...

Legislators

- Legislatures have a critical role to play at all stages of the participatory budget process:
- **Formulation:** Parliament can make demands about spending priorities for specific sectors or policy areas before the budget is submitted to it.
- **Analysis:** Once the budget is submitted in the legislature, parliamentary analysis and review of the of the budget may lead to amendments, or in exceptional cases a refusal to approve budget appropriations.
- **Tracking and performance evaluation:** produce valuable analysis that tracks the use, outcome and impact of public spending.



Government and Public Participation...

Promoting Participation of Parliaments in the PB Process

- Provide in-house technical expertise to contribute meaningfully to the budget process.
- Argue for an increase in the powers of the legislature to amend and review budgets.
- Expand the role of Parliamentary Committees in budget process.
- Allow more time for the legislative review of budget proposals.
- Provide monthly or quarterly public expenditure reporting to parliament;
- Form alliances with civil society and others;



Government and Public Participation...

The Executive

- The Cabinet/President offices engage in setting and /or approving the policy priorities,
- Ministry of Finance formulate the budget including planning and designing the entire budget;
- Line ministries plan and advocate for their resource needs and submit to MoF;



Government and Public Participation...

Non-Government Actors

- Currently in realizing sound budget formulation and implementation process, the role of clear transparency and accountability has been increasingly recognized.
- There is a growing acceptance that the active engagement of citizens, civil society, and the media in budget processes is an ideal practice in budget formulation and implementation.
- A transparent and inclusive budget process is now seen as essential to facilitating investment, ensuring efficient outcomes, and holding government accountable for managing public resources.
- Thus outside of government, other actors are actively involved in budget evaluation and monitoring.
- Basic actors in the process therefore include citizens, CSOs; the media and donors.



Government and Public Participation...

Citizens/Members of the Public

- They are directly affected by government budgets—they are the beneficiaries of publicly funded programs,
- Contribute to finance government budget through paying taxes.
- Citizens' participation in planning and budgeting allows them to decide in the allocation of resources and involve in development projects selection.
- Contribute in ensuring the three principles namely, accountability, participation and transparency in resource allocation and utilization.
- Strengthen policy choices, increase public support for budget decisions, and strengthen oversight,
- provide critical information on needs and priorities and, and engage in monitoring how the budget is actually carried out,
- Reduce mismanagement and opportunities for corruption, thus further enhancing budget efficiency and effectiveness.



Government and Public Participation...

Civil Society Organizations (CSOs)

- Help improve budget policies by providing information on public needs and priorities through their connections with citizens, communities, and sectors.
- Play an important role in holding the executive accountable for how it uses public resources.
- Help the executive to choose appropriate programs, and fight corruption.
- Given their knowledge of a policy issue, such as health or education, with a solid knowledge of budgets and an effective advocacy strategy they can positively influence policy decisions.
- Better positioned than governments to explain budgets to ordinary people in more accessible language, and to disseminate this knowledge to local communities.



Government and Public Participation...

Civil Society can contribute to the quality of budget process through:

- contribute critical information on the public's needs and priorities that can lead to stronger policy choices;
- draw more people into the debate by collecting, summarizing into easily understandable formats, and spreading budget information;
- train members of the public to understand and analyze government budgets themselves;
- supplement government's capacity to budget effectively by providing technical support;
- give an independent opinion on budget proposals and implementation;
- hold public officials accountable for using public resources efficiently and effectively to achieve desired outcomes; and
- Develop important new allies in government, including program managers in government agencies, legislators, and auditors.



Government and Public Participation...

Media

- Keeping the public and other stakeholders informed and holding the government accountable by reporting on any differences between what is promised in the budget and what is delivered.
- Providing updates on what is happening at different stages in the budget process;
- Stakeholders in the budget process use the media as a tool to reinforce support for their positions;



Thank you

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