

Policy Advocacy Training

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BUDGET ANALYSIS

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1. Approaches to budget analysis

- Budget analysis can be done from a number of different perspectives, for example:
 - Focus on a specific population group;
 - Looking at a specific sector or government function;
 - A specific issue;
 - By government programme;
 - Taking policy documents as benchmarks;
 - Rights-based approach.

2.1 Sector Approach

- A combination of perspectives:
 1. Pro-poor perspective (issue / population group).
 2. Division of revenue over government sectors and functions
 3. Budget allocation to programmes, sub-programmes and input items within sectors
 4. Is it in line with statements in policy and strategic papers?
 5. Does the budget enable government to progressively realize basic socio-economic rights, for poor people in particular?

2.2 Sector Approach: Frame

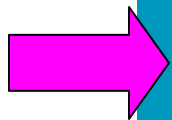
Policy

Budget

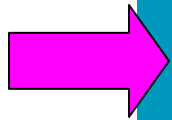
Structures and
institutions for
implementation

Service
Delivery

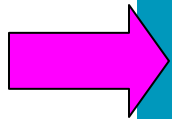
Impact of
programme
or policy



budget inputs: *funds, resources*



budget outputs: *medicine,
vaccinations, HIV tests*



budget outcomes: *improved
health*

Indicators? *How
do we measure
inputs, outputs and
outcomes?*

2.3 Sector Approach: Steps

1. Concern.
2. Identify relevant sector(s) and sphere(s) of government
3. Analyze relevant socio-economic status / outcome indicators to verify concern.
4. Look at government's priorities in policy and strategic documentation: Is it a budget issue? What is government doing to address the concern?
5. Analyze sector budget(s)

2.3 Sector Approach: Steps

6. Interpret budget analysis results in relation to:
 - National policy and legislation
 - Output and outcome targets and results (in Strategic Plans and Annual Reports)
7. Reporting & Dissemination (feedback)

2.4 Sector Approach: Simple example

Concern: lack of personnel in public health clinics.

1. Responsible department / sector: Health
 - Sphere: policy = national, implementation = district.
2. Analyze personnel indicators, indicators regarding quality of care at clinics and activity levels (nr. of patients).
3. Policy / Strategic documentation:
 - National Health Strategic Framework
 - District Health Strategic Plans.
4. Analyze Health budget:
 - Personnel
 - Sub-programme: Community Health Clinics
 - District Health Services Programme.
5. Interpret budget analysis results in relation to, for example, targets set for different types of personnel.

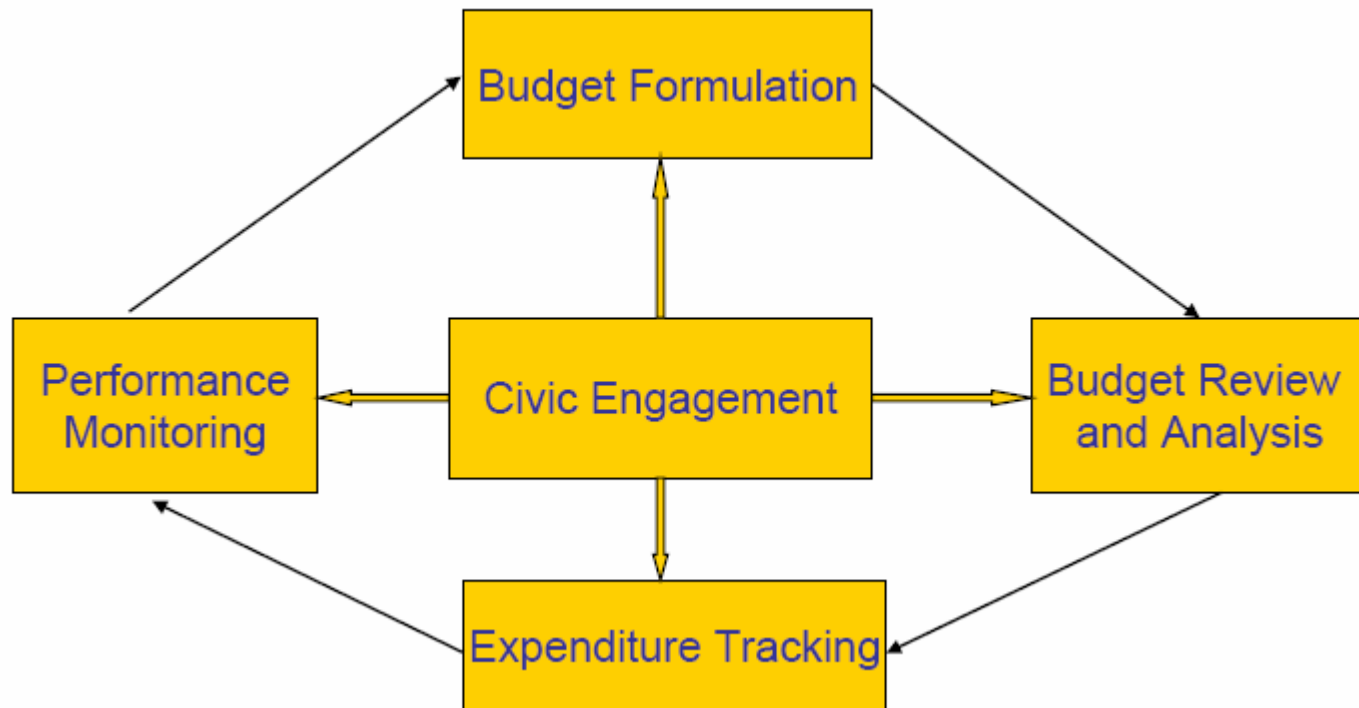
Sector Approach: Main Advantages

- Focus on getting an in-depth understanding of sectoral policies, which enhances meaningful budget analysis and may increase credibility.
- Suitable for monitoring government commitment to policies, strategies and programmes.

Limits to sector budget analysis

- Policy-basis of sector analysis may lead to omission of certain rights or services which are important to the poor: i.e. “assumption that government policy is OK”. Points to the need for collaboration with other approaches.
- If not well-integrated, sector-approach may lead to neglect of importance of intersectoral collaboration in order to deliver services that adequately respond to the needs to the poor.

Public Expenditure Management Cycle



What Civic Groups Can Do – The Budget Cycle

	What civic groups can do	How	Example
<p>Formulation</p> <p>Revenue and expenditure estimates are being prepared</p> <p>Government can present policy and resource options to the public</p>	<p>Connecting people's priorities to budget allocations</p> <p>Help identify priorities</p> <p>Present alternative budgets</p>	<p>PRs;</p> <p>Participatory Poverty Assessments (PPAs)</p>	<p>Porto Alegre Brazil</p>
<p>Review and Analysis</p> <p>Involves review of the impact and implication of different policy proposals and allocations</p>	<p>Assess proposed allocation vis-à-vis governments social commitments and other equity concerns</p> <p>Demystify the budget process</p> <p>Present information on the impacts of the budget on the poor</p> <p>Inform/train parliamentarians to pressure the executive for pro-poor changes</p> <p>Influence parliamentary debate</p>	<p>Impacts of the budget on the poor</p>	<p>South Africa and India Benin</p>

What Civic Groups Can Do – The Budget Cycle

	What civic groups can do	How	Example
<p>Tracking After budget is debated and approved by parliament, allocations are disbursed to ministries and tiers below</p>	<p>Concern that disbursed amounts may not reach beneficiaries</p> <p>Track how government spends the money. Require data on budget allocations and consumer perceptions of service delivery</p> <p>Identify bureaucratic channels through which funds flow</p> <p>Highlight bottlenecks and leakages in the flow of resources</p> <p>Cross check with information from independent enquiries, information released from finance ministry and accounts submitted by line agencies</p>	<p>Public Expenditure Tracking Surveys; Participatory Social Auditing: PPAs; Beneficiary Assessments (BA) and Core Welfare Indicator Questionnaires (CWIQ)</p>	<p>Uganda (PETS) Benin</p>
<p>Evaluation Performance of selected public agencies is assessed</p>	<p>Performance of government agency in relation to funds received. Quality of, access to and satisfaction with services</p> <p>Provide direct feedback on delivery of services</p>	<p>Report cards; PPAs; BA; CWIQ</p> <p>Community score cards</p>	<p>Armenia, The Gambia and Malawi (Community score cards)</p>

Resource needs approach

- What is the total amount of resources required to provide HIV/AIDS-related prevention and care given existing infrastructure?
- Advocacy for resource mobilization
- Funding decisions on the basis of:
 - Burden of disease and financial need calculations
 - Expenditure goals and targets

Resource needs approach

- Estimates based on
 - Population in need of care
 - Coverage of HIV/AIDS services
 - Unit costs
- Identified weakness
 - Existing infrastructure
 - Constant (in)efficiencies
 - No economies of scale
 - No demand-side constraints

Budget tracking approach

- Advocacy for resource mobilization
 - Debate among stakeholders (e.g., NGOs and government)
 - Parliamentary requests
- Figures derived from
 - Statistical reporting
 - Commitments

Budget tracking approach

- Identified weakness:
 - Distinguishing HIV/AIDS from STI allocations
 - Capturing HIV/AIDS activities within basic health and reproductive health allocations
 - No information on resource use

Expenditure tracking approach

- Domestic policies on resource mobilization and allocation
 - Who finances health services and programs?
 - How much do they spend?
 - Where do their health funds go, i.e., what is the distribution among providers and ultimately among services provided?
 - Hospitals vs. ambulatory care facilities
 - Curative care vs. prevention programs
 - Who benefits from spending on health?
 - Socio-economic groups, gender, geographic distribution

Expenditure tracking approach

- Estimates based on
 - Actual disbursements
 - Allocation factors
- Identified weakness
 - Time lag (t-2)
 - Domestic financial information systems
 - Financial management capacity

Challenges ahead

- Tracking resource use at the country level
 - Earmarked funds for HIV/AIDS
 - Public subsidies through the service delivery network
 - Linking to programmatic indicators
- Building national systems to track performance
- Timeliness trade offs