#### act:onaid

## **Budget Analysis Options**

Focus of Analysis & Approach

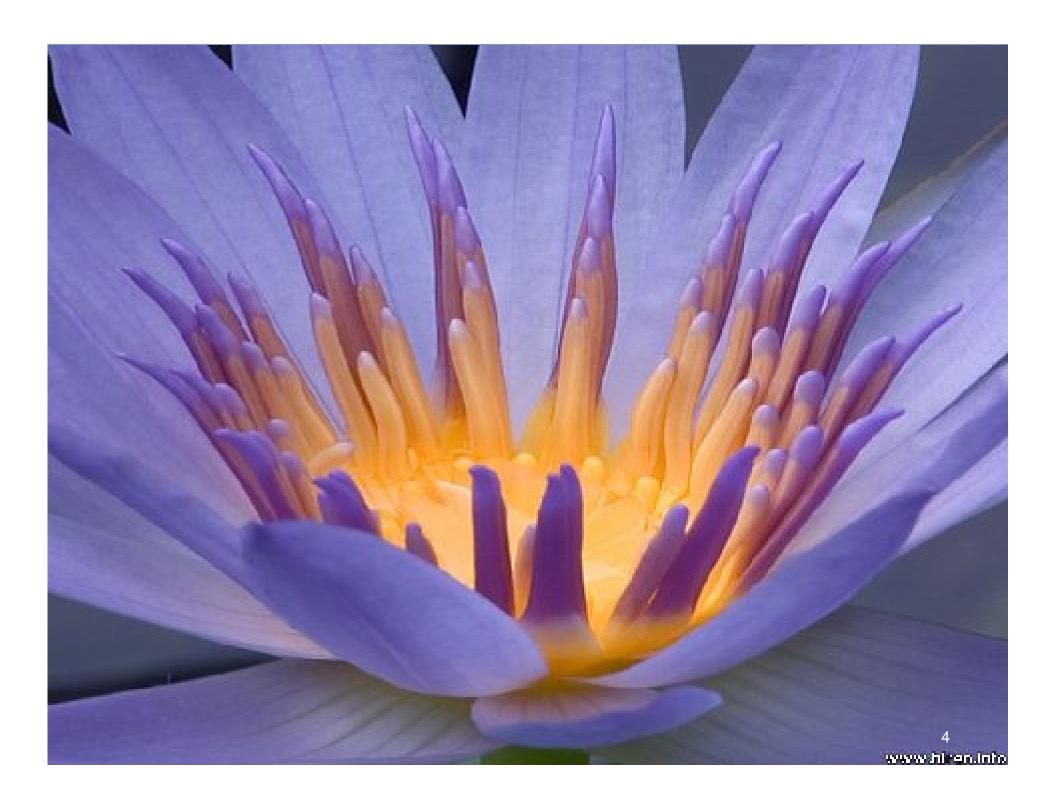


# Budget analysis options



## Budget analysis options

- Social sector
- Population groups
- Issues
- Program / project / activity
- International agreements, benchmarks
- Policy documents



### Approaches to Policy Analysis

- Analycentric focuses on individual problems and its solutions
- Its scope is micro-scale and its problem interpretation is usually of a technical nature
- Primary aim is to identify the most effective and efficient solution in technical and economic terms
  - (e.g. most efficient allocation of resources)

### Approaches cont'd

 Policy process – focus on political processes and involved stakeholders

Its scope is the meso-scale and its problem and its problem interpretation is usually of a political nature

 Aims to determine what processes and means are used and tries to explain role and influence of stakeholders within the policy process (public participation, consultations in identifying solutions

## Meta-policy approach

 Is a system and context approach – its scope is macro-scale and its problem interpretation is usually of a structural nature

 Aims at explaining the contextual factors of the policy process, i.e. political, economic and socio-cultural factors influencing problem



### Budget and related processes?

- Poverty Reduction Strategy (PRS)
  - consultations and new commitment towards participation and inclusion

 NSGRP (Mkukuta) – compiles diverse strategies for all sectors to tackle poverty reduction and stimulate economic growth

#### **PMS**

 Poverty Monitoring System (PMS) – influence budget guidelines and allocations;

 Effectiveness and efficiency in achieving set national strategy outcomes

Poverty and Human Development Report, PPA, Govt. Reporting System

### Medium Term Expenditure Framework

- Conceptually, MTEFs are the ideal tool for translating PRSPs into public expenditure programs within a coherent multi-year macroeconomic and fiscal framework.
- MTEF provides the "linking framework" that allows expenditures to be "driven by policy priorities and disciplined by budget realities"

(World Bank, 1998a: 32).

 Potential solution to problem of disconnected policy-making, planning, and budgeting

#### Objectives of an MTEF

- Improved macroeconomic balance, especially fiscal discipline
- Better inter- and intra-sectoral resource allocation
- Greater budgetary predictability for line ministries; more efficient use of public monies
- Greater political accountability for public expenditure outcomes through more legitimate decision making processes
  - Greater credibility of budgetary decision-making (political restraint)

