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REGIONAL ACCOUNTABILITY CENTRE

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Common Concepts in Budgeting

- **Budget:** A financial plan that identifies sources of revenue and allocates expenditures to various sectors of the economy
- **Annual Budget:** A constitutional requirement outlining governments' policies and financial plans for the fiscal year in question
- **Annual Estimates:** Expenditures and revenue proposals for the financial year presented to parliament for approval by the Minister for Finance
- **Expenditure Estimates:** Expenditure proposals by the government for a particular financial year. They include, both the estimates for recurrent and development (capital) estimates, which form the Appropriation Bill
- **Appropriations Bill:** All expenditure proposals for the government in a particular financial year for normal services, payment of salaries and other operating expenditures for each ministry in recurrent and development terms, as presented to the National Assembly

Common Concept Cont.

- **Structure of the Budget:** Is a layout of expenditure components, comprising either recurrent , fiscal projections/capital expenditures
- **Financial Statements:** A document showing the government's cash flow position for both expenditure and receipts during a financial year and organized in terms of recurrent and development/current accounts
- **Budget Tracking:** The process of public expenditure monitoring, scrutiny, and follow-up to ensure efficiency and effectiveness of expenditures

Common Concept Cont

- **Development Expenditure:** Expenditures used on development programmes and projects, such as building, schools, equipping laboratories or libraries, among others. Most of the donor funds are supposed to fiscal-clip here but are not in most cases.

Total Budgetary Expenditure: Comprises of expenditures in the recurrent and development, together referred to as “ministerial expenditure” and consists of withdrawal from consolidated fund services by the treasury and appropriation in aid (AIA) generated by ministries.

Consolidated Fund Services: Payments made from the exchequer, which includes debt servicing (including interest and principal); pensions and salaries for certain constitutional offices; and subscription to international organizations.

Common Concept Cont.

- **Expenditure (Printed) Estimates:** These are the expenditure proposals covering both recurrent and development estimates for the budget year
- **Fiscal Year:** Also referred to as the financial year, is the period covering a complete financial plan (12 months). The Kenya fiscal year begins in July and ends in June of the following (calendar) year.
- **Planning and Budgetary Cycle:** Is a process that begins with the preparations of national policies and Medium Term (Expenditure) Plans by ministries(a process coordinated by Ministry of Budget and National Planning, forecasting of total public resource envelope, resource allocations to various sectors and bidding for resources by ministries, setting the ministerial ceilings, preparations of ministerial public expenditure reviews, budget proposals, approval of the proposals, finalization of the budget proposals sharing with parliament and cabinet for passage.

Common Concept Cont.

- **Appropriations Act:** Appropriation Bill approved by Parliament
- **Medium Term Expenditure Plans (MTEP/MTSS):** Contains a fiscal rolling (plans) and cost projections flow, which must be approved by Parliament, before consideration of (any) annual budget
- **Supplementary Estimates or Revised Estimates:** Mainly, comprises of the proposed expenditure reallocation and line envelope adjustments within votes and any extra expenditure that must be incurred outside the previously debated estimates. After parliamentary approval, such are called approved supplementary estimates

Common Concept Cont.

- **Resource Envelope:** Refers to the absolute maximum amount of resources available to the various sectors.
- **Resource Allocation:** Equitable distribution of budgetary resources to the various sectors and ministries for implementing of the budgeted activities.
- **Resource Disbursement:** Release of the budgetary funds to various sectors and ministries for implementation of budgeted activities

Common Concept Cont.

- **Medium Term Expenditure Framework:** Budgetary system that seeks to bridge policy making, planning and budgeting. It entails preparations of three-year rolling budgets that are drawn from annual and four-year development plans.
- **Vote on Account:** Is the authorization for the appropriation of funds required for the purposes of meeting expenditures, necessary to carry out government programs and services, till the time that the Appropriations and Finance Act becomes operational. This vote does not exceed half of the total sums included in the budget estimates for the year laid before parliament.
- **Project:** A set of activities with a fixed timeframe

Focus on State Power

- The Power of the State to shape poor people's lives for good or for worse is nowhere more immediate and far-reaching than in education, since the school is one of the most visible and important State institutions in any village or settlement. However, spending in education has for a long time been inequitable and inefficient; learning outcomes dismal; schools have not been responsive to community needs; education management has been inept, centralized and in some cases, outright corrupt.
- Lacking the capacity, information and wherewithal to demand anything better, poor parents simply take children out of school or do not enroll them at all.
- The inadequate capacity of mainstreaming civil society, local community groups and to exercise oversight over plans and budgets continues to mar our efforts towards attainment national development and set goals. Building the requisite capacity remains one of the most significant challenges of our times, facing both the Government and CSOs.

Background for Citizens Inclusion

- Transparency is an important means of achieving participation and democratic control of budgetary processes - it allows, engages and informed citizenry to have input into the budget process, and to monitor, whether policies and political commitments have indeed, been translated into action. For instance, Parents, who do not know that the government has released funds for teaching & learning materials for their children and funds for infrastructure are less likely to hold education officials accountable, than those, who are informed.
- Budget tracking, is therefore, an important and critical tool for civil society and communities to hold governments at all levels accountable in accordance with policy commitments and development plans.
- It enhances public awareness on government budget. Challenges weak policies; and also advocates for increased and efficient use of resources

Purpose of CSOs Budget Tracking/Envelopes Evaluation

- The purpose of budget tracking is to have a holistic picture of how public resources, directly or indirectly, affects people, especially the poorest and marginalized in key areas, such as, education, community health service etc. The importance of tracking the budget is borne out of the recognition that, even if funds are allocated to meet certain policy targets, weak expenditure and programme management frameworks, can lead to the money not reaching intended beneficiaries. Therefore, it is important for interventions to be implemented with a target and capacity to civil society organizations and communities to be better informed on how to track, monitor and follow projections allocated, appropriated and executed for their areas. That is why, we are here... The process of tracking budgets, therefore, contributes to the enhancement of accountability, transparency and achievement of set (pro-poor) goals, including the SDGs.

Budget Analysis and Template as a Tracking Tool

- When analyzing public expenditure financing, CSOs and communities can understand policy priorities and the factors that influences government expenditure. Budget tracking can be used by civil society organizations to lobby governments to prioritize public spending in key sector (s) that will directly impact on pro-poor sectors. Additionally, the process of capacity building for CSOs strengthens the ability of the poor and marginalized to get involved and advocate for their right in the society.
- The question, therefore, is are the existing budgetary processes transparent enough? Does the national Assembly play its oversight and surveillance role in the budgetary process effectively?

Public Finance Expenditure Tracking

- Public Finance Expenditure Tracking (PET) is, therefore, designed to help organizations or communities outside of government to carry out effective advocacy work, aimed at ensuring a direct correlation between increased funding and improved outcomes in our public service (delivery). It is a tool for promoting improved governance and accountability in the use of public funds for the benefit of the citizens.

Challenges

- In order to use budgets for monitoring purposes, civil society and communities need to be able to access budget information on time and in time. Access remains (possibly) the greatest obstacle to efficient budget analysis, monitoring and tracking. The reluctance, as well, as lack of logistical capacity of governments to transparently share information with civil society and communities, allows for lesser compliance with human rights realities to fiscal processes. High level of suspicion against the civil society by the government also a big dilemma. Civil society, largely, should be blamed for it...

Finding Entry Points for CSOs and Communities

- One of the main challenges for CSOs is identifying the right synergy for affecting policy change or making sure that *'the right messages get to the right people at the right moment'* when an opportunity to influence policy choices presents itself. Two dimensions seem quite important here, which reflect some basic characteristics of the budget process. Firstly, depending on the institutional system, and on the overall context, working with the legislative arm of government, rather than directly with the executive, can sometimes be more effective. In turn, this effectiveness clearly depends on the degree of control that legislators can exert on the executive's policy choices.
- Secondly, again depending on the political and institutional framework, local governments may present opportunities for interaction and advocacy that may not be present at national level, where accountability linkages are weaker and where more powerful lobbies and interests may be at play.

Conclusion

- It is important for communities to be involved in budget work at any point in time, which may be interesting opportunities for Community Budget Trackers (CBT) and Envelope Line Evaluators (ELA) to engage in an area, where there is a growing interest, with massive capacity mobilization. Public expenditure and budget policies, in general, are some of the key aspects that determine the impact of public policies on poverty. Civil society's role in advocating for and monitoring pro-poor budgets represents an under-researched area with great potential for future's policy impact.
- There are some organizations that are more advanced than others in building the necessary linkages between research-based, evidence and in monitoring policy impact evaluation, and how Community Budget Trackers (CBT) can play a role in capacitating stakeholders in areas that are relevant to fiscal analysis, fiscal advocacy, pro-poor legislative lobbying, among others. A potential collaboration with Budget Office of the Federation or any appropriate agency at the State or Local Government level is necessary to ensure synergies and effective service delivery.



THANK YOU ALL!