

Summary Illustration of Budget Cycle – Ag. Public Expenditure Analysis Linkages

Budget Cycle	Public Spending Analysis Scope/Key Questions	Data Requirements	Types of Analysis	Areas of Recommendations	Potential Entry Points
1) Sector Objectives and Strategy (Budget Planning Phase)	<p><u>Intended Focus of Public Spending:</u> Question: What are the Govt. national and sector objectives & strategies? Is the policy environment conducive to investment returns?</p>	Govt. targets (eg.: ag. growth; food security; poverty reduction; strategy components; policies; fiscal	<ul style="list-style-type: none"> - Desk Review - Performance Comparisons 	<ul style="list-style-type: none"> - Strategy alignment - Potential gains from policy improvements vs. public spending 	<ul style="list-style-type: none"> - Sector Reviews - Strategy updates
2) Budget Allocation	<p><u>Allocative Efficiency of Public Spending:</u> Scope: The broader the coverage, the greater the scope for analysis of allocative efficiency Question: How can allocative efficiency of public spending be improved? (IS MONEY ALLOCATED TO THE RIGHT THINGS?). What aspects of the budget process have led the current levels of efficiency?</p>	<p><u>Budget Allocations:</u></p> <ul style="list-style-type: none"> - Levels - Functional composition - capital vs. rec. - Wage vs. non-wage - public vs. private - National vs. subnational 	<ul style="list-style-type: none"> - Simple inductive analysis - Simple congruence analysis - Estimating marginal returns 	Changes in spending allocations across spending categories	<ul style="list-style-type: none"> - Ministry/local Govt. budget guidelines - Formulas used in allocation decisions - Sector review linkages
3) Budget Execution	<p><u>Technical Efficiency of Public Spending:</u> Scope: The deeper the coverage the greater the scope for analysis of technical efficiency Question: How can technical efficiency of public spending be improved? (is implementation effective?). What aspects of the budget process have led to current levels of efficiency?</p>	<p><u>Budget execution:</u></p> <ul style="list-style-type: none"> - Budgeted vs. Actual - Timing of releases - Indicators on quality of services 	<ul style="list-style-type: none"> - Public expenditure tracking - Cost Effectiveness 	<ul style="list-style-type: none"> - Budget releases - Technical Design - Procurement and Fiduciary capacity and performance 	<ul style="list-style-type: none"> - Ministry of Finance budget mgt. - Reviews of subprograms - Ministry of Agric. /Local Govt. guidelines for project appraisal - Training and HR plans
4) Monitoring and Evaluation	<p><u>Governance/Accountability of Public Spending:</u> Question: What indicators are used to measure performance? Who is accountable for public spending outcomes, and to whom are they accountable?</p>	<ul style="list-style-type: none"> - Coverage of Services - Formal channels of accountability to stakeholders 	<ul style="list-style-type: none"> - Incidence Analysis - Impact Evaluation - Public Expenditure Tracking 	<ul style="list-style-type: none"> - Program Targeting - Implementation - Accountability mechanisms 	<ul style="list-style-type: none"> - Ministry/local govt. budget guidelines - Ministry reviews - Ministry M&E system