

Program-based budgeting. *A reflection*

Neil Cole

November 2021

AMONG the new men in the nascent PPB staffs and the fellow travellers who have joined the bandwagon, the mood is of "a revolutionary development in the history of government management." There is excited talk about the differences between what has been and what will be; of the benefits that will accrue from an explicit appraisal of objectives and alternative merits of multiyear budget plans; of the great divergence in skills and role of the analyst and the examiner; of the realignment of government structure that might bring changes in the budget process.

Allen Schi



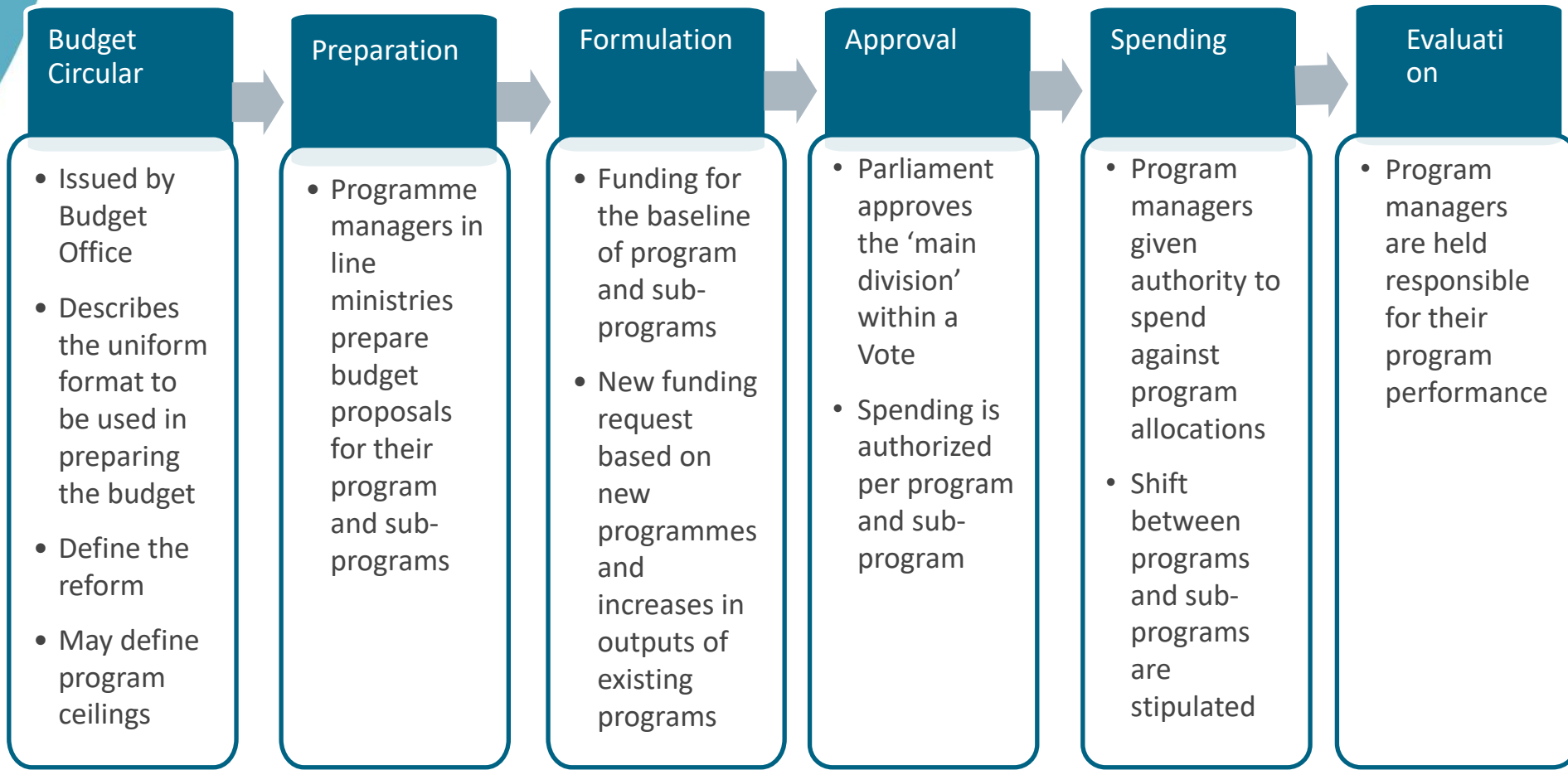


Functional PFM system

1. Orders the manner that governments raise and spend money
2. Ensures prudent decision-making that prioritizes spending
3. Supports an outcome where financial resources lead to service delivery and actual results
4. Presents opportunities to improve value for money at every stage and decision point
5. Holds public officials accountable for all aspects of their performance

PBB should therefore contribute to greater functionality by supporting all of the above

PBB brings comprehensive changes to all aspects of planning, budgeting...



What it may look like

Expenditure trends and estimates

Table 16.10 Teachers, Education Human Resources and Institutional Development expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24		
R million											
Programme Management: Teachers, Education Human Resources and Institutional Development	1.6	2.0	2.0	2.0	8.0%	0.1%	2.0	2.1	2.3	4.9%	0.1%
Education Human Resources Management	61.1	54.5	55.8	60.2	-0.5%	4.3%	63.5	63.9	65.1	2.6%	4.3%
Education Human Resources Development	1 170.2	1 226.2	1 294.1	1 339.3	4.6%	94.5%	1 366.6	1 410.8	1 415.1	1.9%	94.4%
Curriculum and Professional Development Unit	11.0	14.9	16.1	14.2	8.9%	1.1%	16.0	16.9	17.8	7.9%	1.1%
Total	1 243.8	1 297.6	1 367.9	1 415.7	4.4%	100.0%	1 448.1	1 493.6	1 500.3	2.0%	100.0%
Change to 2020 Budget estimate				(22.1)			(68.9)	—	—		
Economic classification											
Current payments	121.2	109.7	109.0	93.4	-8.3%	8.1%	104.1	101.6	102.9	3.3%	6.9%
Compensation of employees	65.2	63.8	67.7	74.5	4.6%	5.1%	72.1	68.7	69.9	-2.1%	4.9%
Goods and services ¹	56.0	45.9	41.3	18.9	-30.4%	3.0%	32.0	32.9	33.0	20.5%	2.0%
of which:											
Catering: Departmental activities	1.7	2.9	2.4	0.7	-25.6%	0.1%	2.4	2.4	2.4	52.0%	0.1%
Computer services	3.3	2.3	1.4	2.4	-9.8%	0.2%	1.7	1.7	1.7	-11.1%	0.1%
Agency and support/outsourced services	28.4	0.4	0.0	0.8	-69.4%	0.6%	1.4	1.5	1.5	22.4%	0.1%
Consumables: Stationery, printing and office supplies	0.9	0.5	0.7	1.0	2.2%	0.1%	1.1	1.1	1.1	4.2%	0.1%
Travel and subsistence	14.8	17.1	15.2	10.5	-10.7%	1.1%	18.7	19.2	19.3	22.5%	1.2%
Venues and facilities	1.7	6.6	2.4	0.3	-42.0%	0.2%	4.3	4.4	4.4	137.5%	0.2%
Transfers and subsidies¹	1 122.1	1 187.5	1 258.6	1 321.8	5.6%	91.8%	1 343.5	1 391.6	1 396.9	1.9%	93.1%
Departmental agencies and accounts	9.7	16.0	20.0	12.9	9.7%	1.1%	18.0	18.5	18.6	13.0%	1.2%
Foreign governments and international organisations	14.8	11.6	13.8	17.2	5.3%	1.1%	17.5	17.9	18.0	1.4%	1.2%
Households	1 097.6	1 160.0	1 224.8	1 291.7	5.6%	89.7%	1 308.0	1 355.1	1 360.3	1.7%	90.7%
Payments for capital assets	0.4	0.4	0.3	0.4	-1.2%	—	0.4	0.5	0.5	5.1%	—
Machinery and equipment	0.4	0.4	0.3	0.4	-1.2%	—	0.4	0.5	0.5	5.1%	—
Payments for financial assets	0.1	0.0	0.0	—	-100.0%	—	—	—	—	—	—
Total	1 243.8	1 297.6	1 367.9	1 415.7	4.4%	100.0%	1 448.1	1 493.6	1 500.3	2.0%	100.0%
Proportion of total programme expenditure to vote expenditure	5.4%	5.5%	5.7%	6.1%	—	—	5.4%	5.3%	5.2%	—	—



Key challenges

1. Administrative challenge: alignment of existing organisational structures to the PBB framework
2. Human challenge: routinely ignored or underestimated relative to the technical components of the reform
3. New culture challenge: more work is required in inculcating a 'new culture' in the budget scrutiny process
4. Moving forward, considerable emphasis will need to be placed on the reporting and evaluation challenges if PBB is to effectively lead to strategic decision-making
5. African experience suggests that countries must therefore be modest in their approach and incorporate iteration and continuous adaptation of their reform strategy, within a gradual, phased approach to PBB implementation.



Key priorities for PBB reform in Africa

1. Fostering country ownership in the government and parliament
2. Designing and implementing a clear and coherent implementation strategy
3. Enhancing capacity to implement PBB / PPBB and wider public sector reforms
4. Enhancing responsibility, including by appointing budget programme managers
5. Aligning the planning and budgeting process
6. Using appropriate performance information and aligning it with budgets
7. Considering the evaluation of budget programmes



Thank you

www.cabri-sbo.org

CABRI 

CONNECT • SHARE • REFORM