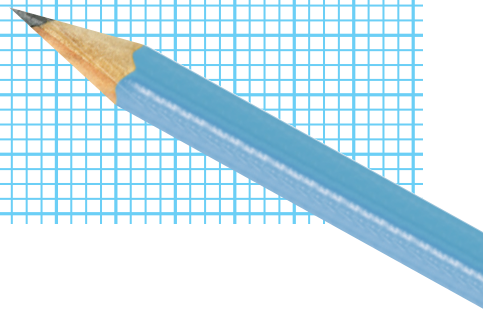


# A Budget Guide for Civil Society Organisations Working in Education

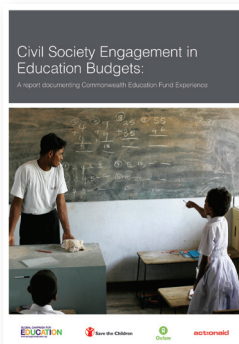
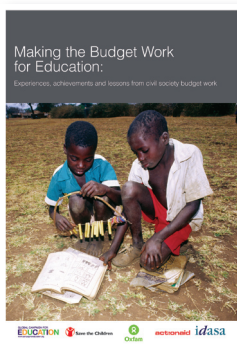




The Commonwealth Education Fund (CEF) was established in March 2002 with funding from DFID. CEF was managed jointly by ActionAid, Oxfam and Save the Children. One of CEF's three objectives was to promote greater transparency in education budgets by enabling local communities to monitor spending on education both at the national and local levels.

This budget guide focuses on the practical skills and information that civil society need to undertake budget work. It is one of a series of three documents on education budget work – designed to be used together – which also include:

- Making the Budget Work for Education: Experiences, Achievements and Lessons from Civil Society Budget Work
- Civil Society Engagement in Education Budgets: A Report Documenting Commonwealth Education Fund Experience



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Material for this guide has been adapted from a number of sources. In particular, we would like to acknowledge use of the following materials:

- CAFOD, Christian Aid and Trocaire (2005) *Monitoring Government Policies: A toolkit for civil society organisations in Africa*  
<http://www.cafod.org.uk/policy-papers/governance>
- Global Campaign for Education and ActionAid (2007) *Education Rights: A guide for practitioners and activists*, Johannesburg: Global Campaign for Education
- Oxfam/TENMET (2003) *A Simple Guide to Working with Finances and Education*, Dar Es Salaam: Oxfam

# Introduction

Budgets can be complex documents. Many people feel intimidated by budget work, assuming that it requires very technical skills. The reality is that budget work can be straightforward. While some budgets are more sophisticated than others, the bottom line is usually simple. Using basic arithmetic, civil society can use budget information to talk in powerful ways about how public resources are used for education.

By analysing education financing, citizens can understand budget priorities and the factors that influence education expenditure. Budget analysis has been used in many countries to lobby governments to prioritise education in public spending. It has also strengthened the ability of the poor and marginalised to advocate for their right to education.

This guide provides civil society organisations (CSOs) in the education sector with the basic information they need to get started on budget work. It introduces core concepts relating to budgets, and discusses ways of analysing them. It also demonstrates how budget work can inform strategic advocacy messages, and bring about change in the education sector. The guide is divided into five areas:

**Budget work in education:** describes the role of civil society in education budget work

**Budget basics:** explains what the budget tells us, and how the budget cycle works

**Getting started:** provides background information on identifying key actors in the budget process, legal frameworks, and where to gain access to information on the budget

**Budget work in practice:** explains the difference between budget analysis, monitoring, and tracking, and gives worked examples of these activities.

**What next?:** provides information on how to use data for advocacy purposes, as well as where and when to disseminate it.

As well as background information and budget exercises, short case studies throughout the guide demonstrate the many innovative ways in which budget work has been applied in the education sector. At the end of the guide there is a dictionary of economic and budget terminology. There is also a list of useful reference materials where you can find out more about budget work, both in the education sector and more generally.

# Budget work in education

## What is education budget work?

A government's budget directly or indirectly affects the lives of all its citizens. But often it is the poorest and marginalised in society who are most affected by budget decisions in areas such as education. Even if funds are allocated to pro-poor policies, weak expenditure and programme management – and a lack of political power among the poor – can mean that money does not always reach the intended beneficiaries.

## Defining budget work

**Budget work is undertaken with “the explicit intention of advancing policy goals, such as assisting the most disadvantaged in society...While applied budget work demands quality analysis, it also requires that its findings be presented in a way that maximises its impact on the policy debate. The analysis must be accessible to a wide range of readers – particularly policymakers, the media and the public – and must be available when needed to inform policy decisions.”**

(International Budget Project, 2001)

Education budget work is an important tool for CSOs in their efforts to hold international donors, governments, local education officials and schools accountable for their policy commitments and expenditure. Information on public spending can be used to advocate for the right to education. In particular, education budget work provides civil society with the opportunity to:

- Challenge education policy and budgets
- Advocate for increased and efficient use of resources
- Improve transparency and accountability in education systems
- Influence decision-making processes and expenditure
- Enhance public awareness on the education budget.

## The role of civil society

One of the principal roles of civil society is to hold the elected government accountable for the implementation of its policies, and for advancing the interests of its citizens. These policies and interests are represented in the national budget, where the government sets out how resources will be allocated to each priority expenditure area.

At national level, civil society plays an important role in ensuring transparency and accountability in education expenditure. At local level, civil society can oversee and monitor education expenditure – by examining district education spending or even school budgets. CSOs can undertake the following activities to help make the budget process effective:

- Provide independent critical analysis by monitoring education spending
- Provide training in budget analysis and advocacy
- Build a culture of accountability
- Advocate for increased access to budget decision-making
- Mobilise stakeholders, interest groups and citizens to participate in budget work
- Produce alternative budgets
- Simplify budgets
- Expand the debate around budget policies and decisions.

It is important to remember that budget work can be done by everyone. It is an adaptable tool that can be used in many different environments.

## Kenya: Civil society and education budget work

To ensure that all children could access free primary education, the Kenyan government decentralised service delivery and gave greater powers to schools for education expenditure. The spending of grants was to be monitored by school management committees (SMCs). However, few SMCs were equipped to take on this additional responsibility. Recognising this, the Kenya National Association of Parents built the capacities of SMCs in accounting for and monitoring expenses. It trained 'budget monitors' to assist SMCs in their tasks. The budget monitors also monitored the schools' adherence to good governance, checking that quarterly disbursements were displayed publicly.

This programme of budget work has contributed towards greater transparency at school level – in overall school governance, and in ensuring that SMCs are accountable to the communities they serve.

Adapted from CEF (2008) *Civil Society Engagement in Education Budgets*

# Budget basics

## What is a budget?

A budget is a plan that outlines where to get money from, and what to spend it on. If a budget is drawn up by a family, it will show how much money is available and how it should be prioritised for spending (for example, rent, utilities and food). If more money is needed, the family would need to consider raising more income, cutting expenses or taking out a loan.

## The national budget

**“Public budgets are the instruments by which governments raise and allocate the financial resources of the state. They are also the means by which governments provide for basic necessities that relate to human rights. Public budgets are more than a collection of numbers, they are a declaration of a community’s or nation’s priorities.”**

(Streak, 2003)

The process of preparing a budget is the same for families, schools and governments – although the spending priorities will differ. A school budget may prioritise expenditure on textbooks or building maintenance, whereas the national budget is likely to reflect broader social and economic priorities. In developing countries, income from taxes, loans and grants is generally not enough to allow the government to meet everyone’s needs.

## Revenue and expenditure



### Revenue

Income – or revenue – determines how much is available to spend on the implementation of policies. Governments gather revenue primarily through taxes and levies, such as income tax, company tax, sales tax, and import and export duties.

### Expenditure

*Recurrent expenditure* is spending on items that are used for only a limited period of time, such as teacher salaries.

*Capital expenditure* is spending on one-off items that will last and be used over and over again, such as school buildings.



## Different types of budget

### Local level

- school budgets
- local government budgets
- district education office budgets

### National level

- national budgets
- sector budgets
- donor budgets

### International level

- donor budgets
- international financial institution budgets

Governments face the challenge of weighing up various needs and deciding how to allocate the available resources. The policies that are given the most resources are often called policy priorities. These priorities reflect the goals to which a government is most committed – and they will be reflected in its budget. When a policy is not allocated enough government resources, it is unlikely to have the desired impact. For example, if a policy for improved quality of education does not allocate sufficient resources to increasing the number of teachers, teacher training, and learning materials, then it is unlikely that the quality of education will improve.

It is important to understand how budgets work at different levels – e.g. local, national and international level – and *between* levels, because:

- What is available to spend at a school level is influenced by national policy
- Good planning and budgeting at a school level can have a big impact on education.

A good budget system – by which resources are collected, allocated, recorded and monitored – will produce good budget policy and outcomes. Recognising that there are links between budgets at different levels of the system allows us to read, and better understand, what budgets can tell us.

# What can the budget tell us?

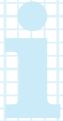
The budget tells public institutions, such as ministries or schools, what the policy priorities are by informing them how much may be spent and for what purpose, thereby guiding policy implementation. Studying budgets can help to answer the following questions:

## **Is the current education budget *adequate* to meet policy objectives?**

The demands of the education sector might outweigh the money available to meet those demands. The government needs to show how it will, over time, ensure those demands are met.

## **How much *priority* is given to education when compared with other sectors?**

If a government makes a policy commitment to education, but this is not reflected in terms of resources, then the commitment for education is not really there.



## **Education as an expenditure priority**

Spending on education can be compared with the gross domestic product (GDP), or with total spending, in order to get a sense of the priority it is given. It is widely accepted that governments should spend at least 20% of national budgets on education, and at least 6% of GDP should be invested in education.

## **Is *progress* being made in terms of the government's response to education needs?**

Progress is being made if government expenditure on education has improved upon previous years.

## **Are budget allocations *equitable*?**

Differences between population groups (e.g. gender, special needs) and regions (e.g. rural, urban) within a country may result in certain segments of society having received better education than others. The budget can reveal whether these inequities are being addressed.

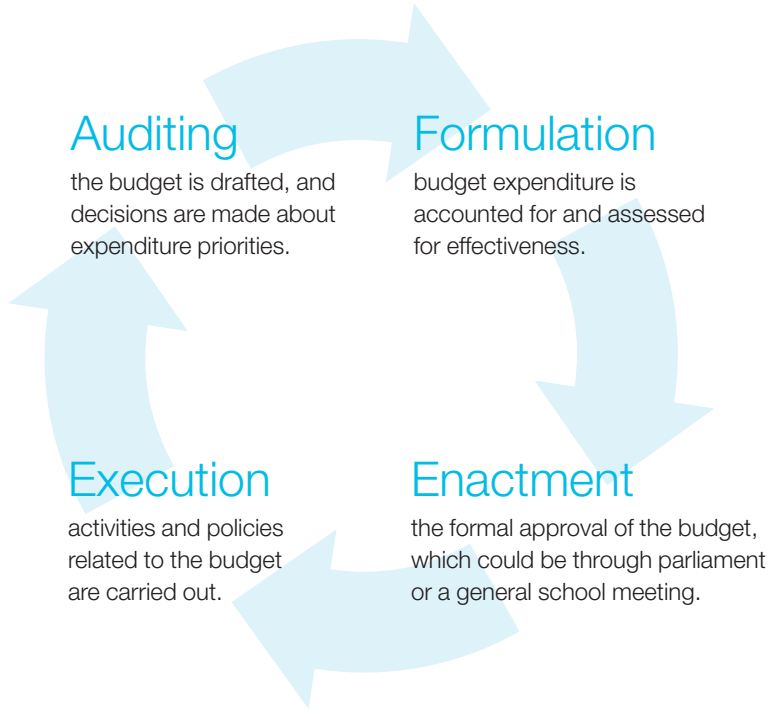
## **Are resources being spent *efficiently*?**

Big differences between budget allocations and expenditure determine whether or not resources are being put to good use.

## **Are resources being spent *effectively*?**

Funds should be spent on the right items to meet the overall objective. For example, a policy objective to improve educational outcomes in maths should be linked to a large enough share of funds being spent on training maths teachers and the provision of maths textbooks.

# How does the budget cycle work?



All budgets, whether produced by a family, school or government, follow a similar cycle of preparation and implementation – although it is likely to be more formal in government spheres than in a family.

The budget process determines how government will collect revenue and distribute resources to the various ministries, states and local structures responsible for service delivery. This process is part of a budget cycle that takes place over a period of one year. The four principal steps in the budget cycle are outlined in the diagram above.

## Malawi: Civil society engagement in the budget cycle

The Civil Society Coalition for Quality Basic Education has achieved considerable success in its budget advocacy by identifying problems and lobbying for solutions. For example, after discovering a delay in teacher pay that was lowering teacher morale, the Coalition and a partner successfully convinced the Ministry of Education to pay teachers the full amount they had been owed since 2003. The Coalition has also influenced national budget formulation: as a result of the Coalition's work with members of parliament, the education sector now receives a larger allocation of the national budget.

The Coalition's advocacy work occurs throughout the budget cycle, seeking to influence budget formulation, make the budget accessible to citizens once it has been formulated, and track whether the budget is implemented as planned. The three stages are interlinked; each builds on and strengthens the next strategy.

Adapted from CEF (2008) *Civil Society Engagement in Education Budgets*



### Functions of the budget process

The budget is the means by which the government seeks to achieve economic policy goals, and by which it tells public institutions, such as ministries or schools, what the policy priorities are. There are four main functions of the budget process:

#### **Economic**

- Fiscal discipline – controlling overall government spending so that it doesn't exceed what has been raised.
- Economic, effective and efficient use of resources.
- Allocation of resources according to policy priorities.

#### **Political**

- Critical examination of the annual budget by elected representatives.
- Offers the executive the authority to raise taxes, incur debts and use public funds.

#### **Legal**

- Legislative control over the functions of the executive ensures that public resources are managed appropriately. An independent auditor ensures the executive has complied with the approved expenditures.

#### **Managerial**

- Informs public institutions and officials of government policy about how much can be spent and for what purpose.

# Getting started

Before getting started on budget work, it's important to understand the context within which you are working. In particular, it is helpful to understand how the national education system works, and who the key actors and decision-makers are. Further, it is important to understand the legal frameworks that outline the rights of civil society to participate in the budget process and to have access to budgetary information.

## Understanding the policy environment

In many countries, education is recognised as a major priority for social and economic development. This has resulted in increased investment in the education system.

The political environment shapes government priorities, which influence the allocation of resources to the education sector. Political concerns affect national education policy and the structure of the national education system, which, in turn, determine how resources are divided between education institutions. Allocation of resources has a direct impact on educational quality.

Education budget work by CSOs can expose larger political trends, such as:

- Continued discrimination against, or exclusion of, certain population groups
- Insufficient resourcing of basic services
- Inefficient use of public resources.

## Legal frameworks

Legal frameworks include national or state-level constitutions, national education strategic plans, and national education acts. They also include international conventions such as the UN Convention on the Rights of the Child which sets out governments' obligation to provide free primary education. These frameworks outline the structure and institutional arrangements of the education system, and should be publicly available through the following institutions:

- National and state government education ministries
- District education offices
- Government institutes of statistical information
- Ombudsman or other independent regulatory authority.

CSOs should be familiar with the following key aspects of the legal frameworks before embarking on budget work:

**Rights to education** – in many countries, legal frameworks such as an education act or even the constitution give all children the right to education

**Powers and functions of actors in the education system** – at school level, legal frameworks might outline the powers and functions of school management committees

**Public participation** – information should be available on how, and in what manner, citizens and civil society organisations can participate and make contributions to the education system

**Complaints mechanisms** – independent regulatory bodies, in some countries known as the ‘ombudsman’, are important institutions for making a complaint about service delivery.

## Key actors in the budget process

The overall structure of the education system differs from country to country, but the key actors are broadly similar.

**National government officials** (e.g. members of parliament) have powers to approve, amend or introduce new laws relating to education. They also have the power to call upon the Minister of Education to account for education policy choices, budgetary allocations and expenses. This also means they can influence the budget and call for the changes they think necessary.

**National education officials** (e.g. Minister of Education) develop education policies and prepare the education budget.

**State or district officials** (e.g. district education officials) implement government policies and budgets. They are aware of the processes by which service delivery occurs and can identify where challenges lie in the implementation of education policies and budgets.

**School governing officials** (e.g. headteachers, school management committees or parent-teacher associations) are responsible for the overview of funds at school level. They are able to give a picture of what needs to be changed in education locally, what resources are being received, and what the constraints are.

## Bangladesh: Engaging MPs in education budget work

In Bangladesh, the People's Empowerment Trust (PET) convened a parliamentary caucus on education that rapidly established itself as a critical body for keeping education on the political agenda. The caucus was a multi-party representative forum, unhindered by political party affiliations in a country where party loyalties often prevent proper debate.

PET conducted workshops for members of the education caucus on a range of education issues – including the national education policy, the Poverty Reduction Strategy, and quality education. A close relationship developed between members of the caucus and civil society groups, whose research informs parliamentary advocacy.

Research undertaken by The Innovators – a Bangladeshi think-tank – showed that national education expenditure was well below the international recommendation of 6% of GDP. This information was used successfully by members of the caucus to advocate for an increase in education expenditure.

Adapted from CEF (2008) *Civil Society Engagement in Education Budgets*

## Accessing information

Challenges of accessing information for budget work may include:

- Bureaucratic red tape
- Lack of accurate, timely budget data
- Lack of transparency and limited access to information.

The absence of solid data, however, is rarely a good reason to abandon budget work. While it is preferable to have more and better data, it is often possible to start education budget work with whatever information is available.

CSOs have a strong interest in promoting reforms to the budget system, since it is typically the poor and powerless who are most adversely affected by a weak or corrupt budget system. A sound budget system – one that is transparent and accountable – is far more likely to yield results that reflect the will of all the people. Therefore, an important aspect of budget work can also be to address these challenges at the micro and macro levels by:

- Lobbying for increased transparency within government budget processes
- Networking with relevant agencies and offices
- Using informal channels and alternative information sources
- Campaigning for the right to information legislation.



## Sources of information

- Budget documents
- International comparative statistics
- Government statistics
- District education offices
- Schools
- National audit and budget and monitoring reports
- Public Expenditure Reviews (PER)
- Public Expenditure Tracking Surveys (PETS)
- Quantitative Service Delivery Survey (QSDS)
- Household surveys
- Academic budget analyses
- Performance and financial statistics from the Ministry of Education

## Identifying a research issue

There are different possible starting points for setting a research agenda:

**By population group** – e.g. by geographic area or gender

**By government programme** – e.g. early childhood programmes, non-formal education

**By issue** – e.g. HIV and AIDS

**By policy** – e.g. identifying areas of weakness in the education sector

**By using policy documents as a benchmark** – e.g. Poverty Reduction Strategy Papers.

What you decide to do may depend on the information available. For example, if information on budget allocations and expenditure priorities is available, it will be possible to:

- Measure a government's commitment to specific education policy areas
- Determine trends in spending, to ensure that programmes aimed at meeting education policy commitments receive a growing share of the budget over time
- Cost the implications of policy proposals, such as free primary education
- Analyse the impact of budgetary choices on specific groups, such as girls or children with disabilities.

Once you have gained access to the necessary information and identified a research issue, you will be able to start your budget work. Practical steps to budget work techniques and calculations are outlined in the following chapter.

# Budget work in practice

There are three main ways of carrying out budget work – budget analysis, monitoring, and tracking. A definition of each of these is given in Part A below, followed by practical calculations for you to complete in Part B.

## Part A: Types of budget work

### Budget analysis

**Understanding where income comes from, how it is spent, and what costs are covered by the budget.**

Budget analysis can determine whether the budget addresses priority areas, whether it is adequate, increasing or declining, and whether or not it is equitable. It can be conducted at national, state/provincial, district, or school level.

A common use of budget analysis is to compare the national education ministry's budget with other ministries' budgets – e.g. health or defence. Such a comparison can determine the priority given to education by the government in relation to other sectors.

### Questions for budget analysis



- How much is allocated to the various education programmes at the service delivery level?
- Do the allocated resources to the various education programmes increase in real terms compared with previous years and, if possible, for the coming years as well?
- Do any of the allocations towards the various education programmes discriminate against, or exclude, a certain section of the school-going population?
- Do the allocations reflect the priority areas of education programmes, especially towards the poor?
- Have delivery agencies actually spent all their funds, or were there funds left over in the previous years?



## The role of coalitions

Coalitions maximise a CSO's ability to make an impact; the more that groups are involved in a message, the greater support and impact it is likely to achieve.

Partnered organisations can also share specialised skills. One CSO may have expertise in data collection and analysis; another in capacity building for other organisations, decision-makers, or the media; and another in dissemination. One may specialise in analysis at the local level, another at the national or international level. Building on these varied skills ensures effectiveness.

## Budget monitoring

**Observing the processes and activities involved in implementing a budget over a certain period of time.**

Like budget analysis, budget monitoring can be conducted at national, state/provincial, district, or school levels. It can focus on how the overall education budget has been spent over a number of years, or it can examine a specific programme, such as primary education. Budget monitoring considers how disbursements are made at particular points in the system, especially whether they are regular and spent as planned, or if there are any leakages.

### Uganda: Budget monitoring by children

In Uganda, education delivery is decentralised to school level. School management committees and parents are involved in school governance, budgeting and education expenditure.

Three child rights organisations in Uganda embarked on training children on their rights, the education system, and budget monitoring skills. Children were also involved in the development of budget monitoring tools, which they used to monitor budget expenditure, actual delivery of textbooks, and other learning materials as per expenditure.

The children's monitoring revealed corruption by teachers and improved their schools' environments. Children became part of their schools' finance sub-committees, and through this they were able to influence the budget by having resources allocated to their needs – for example, sanitary towels for girls, renovation of a classroom for counselling services, and the building of a boarding facility for children who live far from their school.

Adapted from CEF (2008) Civil Society Engagement in Education Budgets

# Budget tracking

## **Following budget disbursements through the system down to the service provider.**

Budget tracking determines whether the resources allocated by the budget have been spent according to plan. Because it checks disbursements through the system, budget tracking can help to identify mismanagement and corruption.

Budget tracking can be conducted at national, state and district levels. It can focus either on how the overall education budget has been spent at state and district levels, or it can examine a specific programme like primary education nationwide. Comparisons between states or districts can reveal how they are implementing programmes, if they are reducing inequities, and the overall quality of these programmes.

Budget tracking of actual school expenditure can also be done. For example, this could involve checking that resources allocated to teaching and learning materials or infrastructure had been spent as stipulated in the budget.



## **Questions for budget tracking**

- What was the education budget allocation to the school?
- What other sources of funding has the school received?
- Has the school received all the allocation from government that was budgeted for?
- What amount of the funds has been spent thus far? And on what items have these funds been spent?
- Does the school spend funds not covered by government resources? Does this include for electricity, security guard, water, printing of examination papers, etc?
- What are parents expected to contribute towards primary education?
- On average, how much have children been expected to contribute in the current academic year?
- Who is responsible for managing these funds?

## Part B: Budget calculations

Central to budget work are budget calculations. Using an imagined example, the following pages show the kinds of calculations that can be used in budget analysis, some of which may also be applied to budget tracking and monitoring. You can try out these calculations, and you will find the answers on page 32 of this guide.

### Calculation One

Look at the following budget data for country X. Work through the exercises below (1 to 5) to help you fill in the gaps in the table.

	A	B	C	D	E	F	G
1		2004/05	2005/06	2006/07	2007/08	2008/09	Average medium term growth rate 2006/07- 2008/09
2	Nominal (Education)	162	248	348	433	487	
3	Real Value (Education)						
4	Real Growth Rate (%)						
5	Total*	292	468	737	953	1062	
6	Total Real*						
<i>Deflator</i>		<i>0.943</i>	<i>1</i>	<i>1.05</i>	<i>1.09515</i>	<i>1.141146</i>	

\*Refers to total spending on priority sectors

### Exercise 1: Convert nominal allocations to real allocations



#### Nominal and real amounts

Budgets are presented in nominal amounts. When analysing budget data it is essential to take account of the differences between nominal and real amounts.

*Nominal* figures are the actual amounts that are allocated to, or spent on, an education policy.

*Real* figures are amounts that have been adjusted for inflation. When you compare real budget figures, you are looking at changes in what you can purchase with these amounts over time.

The deflator for the base year is always 1. In this example 2005/06 is the base year

$$\text{real value} = \frac{\text{nominal value}}{\text{deflator}}$$

Use this formula to fill in row 3 'Real Value' and row 6 'Total Real' in the table above.



## Re-cap:

### Assessing the difference between nominal and real budget figures

**Step 1:** To convert nominal figures to real figures you need to choose a base year. A base year is the year for which you assume that a nominal amount is equal to the real amount. You should clearly state your base year and ensure that it is used consistently throughout your calculations.

**Step 2:** For every subsequent year after the base year, you use a 'deflator' to determine the value of an amount once inflation has been taken into account. The 'deflator' is a number value that varies from country to country and from year to year, depending on the inflation rate. You should be able to find out which deflator to use by consulting with the Ministry of Finance or the national statistics office.

## Exercise 2: Calculate real growth rate

This enables you to see by how much spending on education grows year by year

$$\text{growth rate} = \frac{(\text{real spending in year 2} - \text{real spending in year 1})}{\text{real spending in year 1}} \times 100$$

Use this formula to fill in row 4 'Real Growth Rate (%)'

**- Is spending on education increasing or decreasing?** \_\_\_\_\_

---



## Re-cap:

**To work out if spending on an education policy (eg, free primary education) or sub-sector (eg, secondary education) has grown or shrunk over a specified number of years, in nominal and/or real terms**

**Step 1:** Decide over which period of years you would like to compare spending on the education policy or sub-sector.

**Step 2:** For each of these years, record the amount spent.

**Step 3:** Apply the formula above to calculate the growth rate between two years:

**Step 4:** Use the same formula to calculate the growth rate from each year to the next year you have chosen to focus on.

### Exercise 3:

## Calculate the annual average growth rate for education over the medium term

This gives a big picture of what is happening over the medium term (usually a period of 3 years). The average annual real growth rate = average of the 3 annual growth rates

$$\text{Annual average real growth rate for education over the medium term} = \frac{(D4 + E4 + F4)}{3}$$

Use the formula above to fill in column G in the table on page 18 which gives the annual average growth rate for education over the medium term (2006/07-08/09). [Note: 'D4' refers to the box in the table: 'D'=column, '4'=row]

**- What is the overall picture that you see for education?** \_\_\_\_\_

---

### Exercise 4:

## Calculate education's share of the total budget

**- How much of the priority sectors total budget goes to education over the five spending years?**

Calculate the share of the education budget as a percentage of the total budget for the priority sector for the five spending years, using real amounts

2004/05 = \_\_\_\_\_

2005/06 = \_\_\_\_\_

2006/07 = \_\_\_\_\_

2007/08 = \_\_\_\_\_

2008/09 = \_\_\_\_\_

## Re-cap:

**Assessing how allocation to, or spending on, education is prioritised against other sectors**

**Step 1:** Establish the total amount the government had available for public spending in a given year.

**Step 2:** Find out the total amount allocated to the education sector.

**Step 3:** Compare the two figures derived from steps 1 and 2. Express the amount allocated to the education sector as a percentage of the total: what share of the total available resources did the government earmark for spending on education?

## Exercise 5: Monitor shifts in priority

In 2004/05 \_\_\_\_\_% of the priority sector total budget went to education

In 2008/09 \_\_\_\_\_% of the priority sector total budget went to education

– Is government prioritising education more or less? \_\_\_\_\_



### Re-cap:

**To see how the share of funds allocated to education has changed over time**

**Step 1:** Find out how much of its available resources the government has allocated to the education sector over a number of years.

**Step 2:** For each year, express the share allocated as a percentage of the total.

**Step 3:** Compare years to determine how this has changed over a period of time.

## Calculation Two

**Look at the budget below for country Y, and answer the questions over the page. Use the skills you learnt in budget calculation one to help you.**

Central Government Expenditure (in millions)

Expenditure area	Outcome 2008	Forecast 2009	Forecast 2010
1. Governance, economy and administration	17	17	19
2. Taxes and customs	8	9	9
3. Justice	26	26	27
4. Defence	45	43	44
5. Health	34	37	40
6. Social security	225	226	320
7. Labour market	64	68	69
8. Education, support to students and academic research	51	64	65
9. Culture	8	9	9
10. Planning, housing provision, construction	9	9	9
11. Energy	2	2	1
12. Transport	25	29	32
13. Agriculture	10	12	15
14. Interest on government debt	42	50	39
<b>Total:</b>	<b>566</b>	<b>601</b>	<b>698</b>

This country had an inflation rate of 6.6% in 2008, and 5.1% in 2009

Year	2008	2009	2010
<b>Deflator</b>	<b>1</b>	<b>1.066</b>	<b>1.117</b>



1. In nominal terms, which sector gets the most allocation in 2008, 2009 and 2010? Which gets the least?

Most: \_\_\_\_\_ Least: \_\_\_\_\_

2. Identify one sector that has an increasing allocation in nominal terms over the three years. Identify one sector that has a decreasing allocation.

Increasing: \_\_\_\_\_ Decreasing: \_\_\_\_\_

3. Which sector gets a priority share of government expenditure during years 2008, 2009 and 2010?

\_\_\_\_\_

4. What is the real expenditure on education for 2008, 2009 and 2010?

\_\_\_\_\_

5. What is the average growth (in real terms) of the education share of the budget?

\_\_\_\_\_

**Look at the additional information provided on education expenditure per province and population per province.**

<b>Expenditure on education per province in 2009</b>	
Province 1	9,000,000
Province 2	30,000,000
Province 3	5,000,000
Province 4	15,000,000
Province 5	2,000,000
Province 6	3,000,000
Total education expenditure	64,000,000

<b>Population per province in 2009</b>	
Province 1	30,000
Province 2	300,000
Province 3	100,000
Province 4	60,000
Province 5	200,000
Province 6	20,000
Total population	710,000



**6.** Which province got the biggest share of the education expenditure in 2009?  
What was its share?

Province: \_\_\_\_\_ Share: \_\_\_\_\_

**7.** What was the per capita spending on education in each province?

Province 1: \_\_\_\_\_

Province 2: \_\_\_\_\_

Province 3: \_\_\_\_\_

Province 4: \_\_\_\_\_

Province 5: \_\_\_\_\_

Province 6: \_\_\_\_\_

Which province had the highest per capita expenditure? \_\_\_\_\_

**8.** Identify two messages for the government based on what you know from your analysis.

Message 1: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Message 2: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# What next?

## Sharing findings

Findings from budget work should not remain confined to one level of the education system. When CSOs have analysed the annual national budget, the findings should be shared at the local level. Local CSOs can prepare their budget tracking on education delivery by using the findings to formulate questionnaires or other tracking tools.

Similarly, findings from budget monitoring and tracking at the local level can be used by national CSOs when lobbying government officials and policy makers. For example, if CSOs find evidence of corruption on the part of local education officials or headteachers, they can expose such activities and ensure that, at the national-level, legal steps are taken to prosecute corrupt officials.

Linking and publicising national and local budget work initiatives and findings can lead to greater awareness of education challenges. It places pressure on education ministers and other government officials to take the necessary steps to address these challenges.

The timing of the release of the findings is crucial if the work is to have maximum impact. Therefore, the national level process that the findings are going to be targeting needs to be taken into account from the beginning of the work, including allowing enough time for analysis, dissemination to the government, and for developing a structured media strategy.

## What is advocacy?

**Advocacy is the process of influencing those who make policy decisions, write laws and regulations, and distribute resources that affect people's well-being. Advocacy delivers deliberate messages intended to influence the thoughts, perspectives, and actions of people in authority.**

**Campaigning is one strategy for advocacy, building public pressure around an issue through strategies like mass action, public forums, and media campaigns.**

**Lobbying is another strategy for advocacy, building pressure around an issue within the education system through strategies such as policy analysis and dialogue, negotiation and forming collaborative partnerships.**

# Budget advocacy

The results of budget analysis, monitoring and tracking are not enough on their own to address challenges in the education system. Ideally, stakeholders should use these findings to promote lasting change.

Budget advocacy is often about lobbying and campaigning to bring about specific changes in the budget. These changes can include both increases in overall resources, and a more equitable distribution of resources. More broadly, budget advocacy can also seek improvements to the formal budget process itself, so that budgets become more transparent and involve the wider community.

A key strategy for budget advocacy is developing champions within parliament, or other decision-makers, who can bring issues to the table and articulate them concisely and consistently.

Budget advocacy activities occur at all stages of the budget cycle:

**Formulation** – Civil society influences allocation through:

- Researching needs
- Disseminating budget information
- Producing alternative budgets.

**Enactment** – Civil society publicises the budget through:

- Campaigning to make the enactment process open
- Publishing a critical synopsis of the budget
- Engaging with the media (to act as a watchdog), officials (to gain access to information), and the public (to increase pressure to make the process more open and transparent).

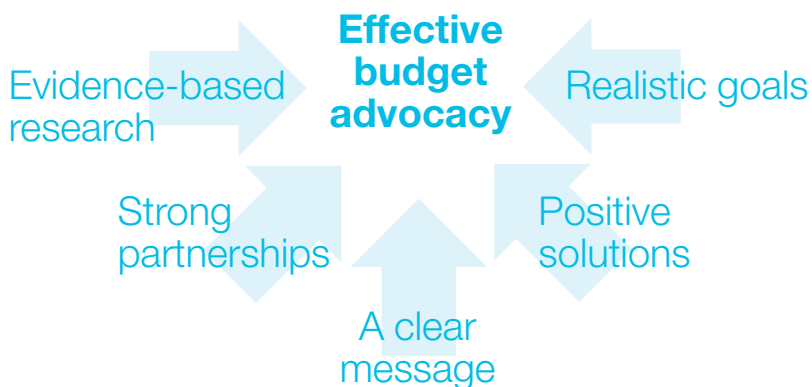
**Execution** – Civil society holds budget-holder accountable to spending as planned through:

- Organising local budget advocacy groups
- Measuring impact and disseminating findings.

**Auditing** – Civil society reviews impact of the budget through:

- Researching impact on disaggregated groups (such as gender)
- Looking at inputs and outputs
- Generating recommendations for the future to influence the following year's budget allocation.

## Factors for effective budget advocacy



### Mozambique: Securing more teachers

Rapid expansion of the primary school system after the civil war has meant that more children now have access to primary education. A major challenge with such rapid expansion has been overcrowded classrooms. There is an urgent need to bring class sizes down to manageable levels.

Research conducted by ActionAid Mozambique showed how IMF limits imposed on the public sector wage bill were a key obstacle to recruiting urgently needed teachers. Civil society worked with in-country donors to develop an advocacy message on the need for more teachers. The message was taken to the Ministry of Finance and the IMF, and proved successful. The IMF agreed to raise the wage ceiling, and 9,000 new teachers were hired.

Adapted from CEF (2008) *Empowering Civil Society on Education*

## Dissemination

A crucial element of advocacy work is good dissemination. Once you have developed a message about the budget that you wish to promote, there are a number of forms your dissemination strategy can take:

- Private meetings with powerful stakeholders
- Public meetings to encourage debate and discussion
- Audiences with members of parliament

- Seminars, workshops, and conferences to share information with other stakeholders
- Marches, petitions, and other forms of peaceful protest
- Media briefings
- Public-awareness campaigns.

There are several key factors for effective dissemination:

- The approach should be timely, taking into account when important meetings will be held and major decisions made, so as to have maximum impact.
- The format of documents should be accessible, making use of easy-to-follow charts and graphs, and using simple language.

Messages should use a variety of formats to reach a variety of target audiences – for example, pamphlets, brochures, easy-to-read guides, newspaper or magazine articles, books, academic articles, or formal reports.

By sharing findings, developing an advocacy strategy and disseminating your message widely it will be possible to make a positive impact on budget decisions.

# Key budget terms

**Budget balance, deficit and surplus:** A balanced budget occurs when a government's total revenue equals its total expenditure for a given fiscal year. When the budget is not in balance, it is either in deficit or surplus. A budget deficit refers to a negative balance between budget expenditure and budget revenue – i.e. when the government spends more money than it actually has. A budget surplus refers to a positive balance between budget expenditure and budget revenue – i.e. when the government has more funds than it needs to spend.

**Budget inputs:** The allocation of money to a particular use in the budget. This money is spent on the production of particular services – for example, schools infrastructure support.

**Budget outcomes:** The impact on the broader society or economy of budget allocations to a particular programme or sector. For example, the ultimate objective of a school nutrition programme would be to improve children's nutritional status, and thereby their ability to learn in school. Thus, the budget outcome would be changes in children's nutrition status and learning capability.

**Budget outputs:** Public services provided by government through budget inputs. An example would be the number of children who received teaching and learning materials during the calendar or financial year.

**Capital expenditure/spending:** Spending on an asset that lasts for more than one year is classified as capital expenditure. This includes equipment, land, buildings and legal expenses and other transfer costs associated with property. For capital projects (e.g. building of schools), all associated expenses are considered as capital spending.

**Consumer Price Index (CPI):** This reflects the price of a representative basket of consumer goods and services. This index measures the impact of inflation on the average consumer.

**Current expenditure/spending:** Recurrent expenditure on goods and services that are not transfer payments or capital assets. It includes salaries, rentals, office requirements, the operating expenses of government industries and services, interest and maintenance of capital.

**Debt:** Private debt refers to sums that must be repaid by individuals and companies. Interest is normally payable on private debt. National debt is the money owed by the state in its corporate capacity.

**Debt service costs:** The interest payable on debt. This excludes the repayment of the amount of money originally borrowed.

**Deficit:** This is a measure of the extent to which a government has to borrow money.

**Deflator:** A statistical tool used to convert current currency into inflation-adjusted currency, in order to compare prices over time after factoring out the overall effects of inflation.

**Direct taxes:** Taxes charged on the taxable income of individuals and legal entities.

**Economic growth:** Economic growth refers to the increase in the quantity of goods and services in a country. Economic growth can be measured by changes in Gross Domestic Product.

**Expenditure:** Government spending of money, or the amount of money spent.

**Fiscal policy:** Refers to efforts by the government to stimulate the economy directly, through spending.

**Fiscal year:** The 12 months on which government budgets are based. In some countries, the fiscal year is longer than 12 months.

**Gross Domestic Product (GDP):** Total value of final goods and services produced in the country during a calendar year. GDP per person is the simplest overall measure of income in a country. Economic growth is measured by the change in GDP year by year.

**Gross National Product (GNP):** The GDP plus the total net income from abroad.

**Inflation:** The rate of increase in prices.

**Interest rate:** The cost of borrowing funds. The interest rate is a percentage of a loan that the lender charges the borrower until the debt is repaid.

**Macroeconomic policy:** A broad government policy to ensure economic stability. It includes monetary and fiscal policy, as well as the government's priorities in allocating resources.

**Medium Term Expenditure Framework (MTEF):** The three-year revenue and expenditure plans of national and state governments. Each year the legislature votes on the projections of the first year. The two outer years are retained as a basis for future planning, while a new third year is added.

**Monetary policy:** The regulation by a central bank of the money supply and interest rates in order to control inflation and stabilise currency. By regulating the value of currency, the central bank can affect the amount of money spent by consumers and businesses.

**Nominal terms:** Actual monetary value in terms of its purchasing power at current prices. Nominal terms do not take into account the affect of inflation on the real value of money. Government budgets are set in nominal terms and do not adjust totals for inflation.

**Real terms:** Value measured in terms of the purchasing power of money at a particular time. For instance, GDP may be measured in constant 2006 prices by taking the affect of inflation into account.

**Revenue:** The government's annual income collected from taxes on salaries, profits, etc.

# Useful resources

CAFOD, Christian Aid and Trocaire (2005) *Monitoring Government Policies: A toolkit for civil society organisations in Africa*  
<http://www.cafod.org.uk/policy-papers/governance>

CEF (2008) *Civil Society Engagement in Education Budgets: A report documenting Commonwealth Education Fund experience*, London: Commonwealth Education Fund

CEF (2008) *Empowering Civil Society on Education: Commonwealth Education Fund Achievements*, London: Commonwealth Education Fund

CEF (2008) *Making the Budget Work for Education: Experiences, achievements and lessons from civil society budget work*, London: Commonwealth Education Fund

Friedman, J (2006) *A Guide to Tax Work for NGOs*, Washington DC: International Budget Project

Fundar, International Budget Project and International Human Rights Internship Program (2004) *Dignity Counts: A guide to using budget analysis to advance human rights*  
[http://www.iie.org/IHRIP/Dignity\\_Counts.pdf](http://www.iie.org/IHRIP/Dignity_Counts.pdf)

Global Campaign for Education and Action Aid (2007) *Education Rights: A guide for practitioners and activists*, Johannesburg: Global Campaign for Education

International Budget Project (2001) *A Guide to Budget Work for NGOs*, Washington DC: International Budget Project

Lindelov, M (2002) *Holding Governments to Account: Public Expenditure Analysis for Advocacy*, London: Save the Children

Oxfam/TENMET (2003) *A Simple Guide to Working with Finances and Education*, Dar Es Salaam: Oxfam

Ramkumar, V (2008) *Our Money, Our Responsibility: A citizen's guide to monitoring government expenditures*, Washington DC: International Budget Project

Streak, J (2003) *Monitoring government budgets to advance child rights: a guide for NGOs*, Cape Town: Idasa

Verwey, L and Claassens, M (2005) *Introduction to Applied Budget Analysis: Training manual*, Cape Town: Idasa

## Websites

Commonwealth Education Fund: <http://www.commonwealtheducationfund.org>

IMF: <http://www.imf.org>

Institute for Democracy in South Africa (IDASA): <http://www.idasa.org>

The International Budget Project: <http://www.internationalbudget.org/>

# Answers to budget calculations

## Calculation One

### Exercise 1-3

	A	B	C	D	E	F	G
1		2004/05	2005/06	2006/07	2007/08	2008/09	Average medium term growth rate 2006/07-2008/09
2	Nominal (Education)	162	248	348	433	487	
3	Real (Education)	172	248	331	395	427	
4	Real Growth Rate (%)	-	44	34	19	8	20
5	Total*	292	468	737	953	1062	
6	Total Real*	309	468	702	870	930	
	<i>Deflator</i>	<i>0.943</i>	<i>1</i>	<i>1.05</i>	<i>1.09515</i>	<i>1.141146</i>	

### Exercise 2

Spending on education is decreasing

### Exercise 3

The average medium term growth rate for education spending has been 20%

### Exercise 4

Share of the total budget:

2004/05 = 56%    2005/06 = 53%

2006/07 = 47%    2007/08 = 45%

2008/09 = 46%

### Exercise 5

In 2004/05 56% of the budget went to education In 2008/09 46% of the budget went to education

Hence government is prioritising education less, but the education sector still accounts for the largest share of spending on the priority sectors.

## Calculation Two

### Answers to Q1-8

**Q1.** Sector with the most allocation in 2008, 2009 and 2010 = Social security  
Sector with the least allocation in 2008, 2009 and 2010 = Energy

**Q2.** Sector with increasing allocation =  
e.g. Health, Taxes and customs etc.  
Sector with decreasing allocation =  
e.g. Defence

**Q3.** Sector with priority share of government expenditure = Social security

**Q4.** Real education expenditure = 51 (2008), 60 (2009), 58 (2010)

**Q5.** Average real growth of education share of budget = 10%

**Q6.** Province with biggest share of education expenditure = Province 2.  
Its share = 47%

**Q7.** Per capita spending:  
Province 1 = 300 (highest per capita spending)  
Province 2 = 100                  Province 3 = 50  
Province 4 = 250                  Province 5 = 10  
Province 6 = 150

**Q8.** Advocacy messages (for example) =  
– Education expenditure (in real terms) was in decline between 2009 and 2010  
– Per capita education expenditure across different provinces is inequitable

