

Improving synergies between social protection and Public Finance Management: Course session briefs

Session 3: PFM and its links with social protection. The budget cycle and core PFM concepts. Results-based budgeting and costing social protection.

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Objectives

The objective of this module is to:

- increase knowledge on why public finance management is important for building strong and resilient social protection systems,
- familiarize participants with the budget cycle, and
- provide a framework for a more detailed review of the budget cycle stages and relevant public financial management (PFM) tools that can be used to inform and influence the budget process.

Content

It is critical to have a good understanding of how the expenditure side of the government's budget is planned, prepared, and executed, to support strong and sustainable social protection systems.

It is important to remember that the annual budget process is not a single document but a yearlong cycle. Further, several stages of the cycle may be happening at the same time, and what happens in one stage can influence decisions made in others.

This module will introduce the basic concepts of PFM and why it matters for social protection. After covering PFM basics (on the budget cycle, budget classification and the PFM results chain), this will introduce core concepts, such as the adequacy, effectiveness, efficiency and equity of expenditure, and why they are important for the budgeting of social protection. Reference will be made to the significance of the introduction of programme-based budgeting as a way to improve the relationship between budget allocations and results in social protection. The final part of the session will cover issues concerning the costing of social protection.

Methodology

The first part of the module will be organized around a video lecture to participants. It will provide the necessary background to prepare for the second session, which will be built around an exercise that will apply the concepts introduced in Session 1, including a practical application of costing a social protection programme and analysing social protection budget data.

Reading

Chu, K., & Hemming, R. (Eds.). (1991). [Public Expenditure Handbook](#). USA: International Monetary Fund.

Other resources

National Treasury (2016). [‘Estimates of National Expenditures,’](#) National Treasury South Africa. To get an idea of what is in the South Africa budget book, look at the **contents page** and skim through **pages xxxiii to xliii**, which explain the main sections. (12 pages)

Robinson, M (2013). [Top-Down Budgeting & the Setting of Ministry Expenditure Ceilings](#) (1 page).

Robinson, M (2013). [Getting Performance Budgeting Right](#). (2 pages)

Robinson, M (2011). [Is Programme Budgeting Unworkable?](#) (2 pages)

Overseas Development Institute (ODI), 2007. [‘Budget Monitoring and Policy Influence’](#), ODI Briefing Paper, March 2007, (4 pages)

Sida (2007). [‘Introduction to PFM in Development Cooperation’](#), Chapter 1 in *Handbook on Public Financial Management in Development Cooperation: A Handbook for Sida Staff*. Department for policy and methodology. April. Read chapter 1 (**pages 9 to 16,8** pages total).

[UNICEF's engagements in influencing domestic public finance for children \(PF4C\): A global programme framework](#)

Session 4: The role of budget support programmes in social protection spending

This session is by Policy Officers of the Macro-economic Analysis, Fiscal Policies and Budget Support Unit E1, DG EC-INTPA. The first part on PEFA (Public Expenditure and Financial Accountability) by **Eric DESCHOENMAEKER**, European Commission, DG INTPA. The second part on Budget Support Programmes by **Xavier LE MOUNIER**, head of sector Budget support, European Commission, DG INTPA complemented by **Briac DEFFOBIS** head of section of the EU Delegation in Morocco.

Objectives

- Discover how a standardized tool for assessing budget performance in a quantitative way is helping build PFM capability all over the world.
- Learn the objectives of a Budget Support Programme and the reason its conditions are crucial.
- Familiarize participants with a country experience with Budget Support programme.

Content

The Public Expenditure and Financial Accountability ([PEFA](#)) provides a framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM) using quantitative indicators to measure performance. PEFA is designed to provide a snapshot of PFM performance at specific points in time using a methodology that can be replicated in successive assessments, giving a summary of changes over time. The PEFA helps to develop a practical sequence of reform and capacity development actions and coordinated program of support from donors.

Budget support is central to the international cooperation of the European Union, which is the world's top provider of budget support. It involves direct financial transfers to the national treasury of partner countries engaging in sustainable development reforms. These transfers are conditional on policy dialogue, performance assessment, and capacity building.

Methodology

Lecture on PEFA assesment. Then a presentation on budget support modality, how to achieve accountability through tools, and EU Delegation in Morocco will share their experience about Budget Support Programme on social protection.. Q&A

Reading

[Budget support](#)

[Summary of Morocco PEFA results in 2016](#)

Other resources.

[Framework for assessing public financial management, October 2016, Second Edition](#)

[PEFA, Public Financial Management, and Good Governance](#)