

MODULE 6



HEALTH POLICY AND THE BUDGET PROCESS

MODULE 6 ■ HEALTH POLICY AND THE BUDGET PROCESS

SUMMARY TABLE

Duration of this module	5 hours, 25 minutes
Timing of this module	<p>This module corresponds with the following sessions in the <i>Health & Budgets Training Workshop Agenda</i>:</p> <ul style="list-style-type: none"> • Part of SESSION 2 on Day 3; • SESSION 3 on Day 3; • SESSION 4 on Day 3; • Part of SESSION 1 on Day 4; and • Part of SESSION 2 on Day 4. <p>(Note that one session is 1 hour, 45 minutes.)</p>
Resources needed	<ul style="list-style-type: none"> • Flipchart paper and markers • A4 sheets of colored paper • PowerPoint presentations: <ul style="list-style-type: none"> ➤ MODULE 6 – Health Policy & Budget Process – Presentation #1 ➤ MODULE 6 – Task-What Is Causing the Problem ➤ MODULE 6 – Budget Process Diagram ➤ MODULE 6 – Health Policy & Budget Process – Presentation #2 • In the Participants' Workbooks: <ul style="list-style-type: none"> ➤ TASK 6.1 ■ Analyzing Health Policy in Polarus ➤ TASK 6.2 ■ Reading the Polarus Budget ➤ TASK 6.3 ■ What Is Causing the Problem in Sunrise State? ➤ TASK 6.4 ■ When to Intervene? ➤ TASK 6.5 ■ Who Is Responsible? ➤ TASK 6.6 ■ Seeking a Budget Solution ➤ READING 6.1 ■ Transcripts of Meetings with Officials ➤ READING 6.2 ■ Stages in the Budget Process ➤ READING 6.3 ■ The Sequence of Budget Decisions ➤ READING 6.4 ■ Factors Affecting Budget Change

LEARNING OUTCOMES TO BE ACHIEVED

By the end of this module, participants will have:

- Identified and examined health policy interventions;
- Recognized that there are budget issues underlying the development problems that they are trying to address;
- Read a budget and identified budget items linked to relevant policy interventions;
- Described the main role players in the policy and budget process, their functions, and their responsibilities;
- Explained the four stages of the budget process;
- Named the decision makers affecting the budget at each stage;
- Identified when in the budget process to intervene, given different kinds of budget problems and advocacy objectives;
- Considered constraints and trade-offs in the budget process; and
- Practiced analyzing budgets to find possible areas where funds could be redirected or reprioritized.

STRUCTURE OF THE MODULE

Analyzing Policies and Reading a Budget (1 hour, 55 min.)

1. **FACILITATOR INPUT:** What Is Health Policy and How to Analyze It 15 minutes
2. **TASK 6.1 ■** Analyzing Health Policy in Polarus 35 minutes
3. **FACILITATOR INPUT:** What Do We Need to Use the Budget for Advocacy? 5 minutes
4. **TASK 6.2 ■** Interactive Plenary Work Session: Reading the Polarus Budget 60 minutes

The Budget Process and When to Intervene (1 hour, 45 min.)

5. **TASK 6.3 ■** Role Play: What Is Causing the Problem in Sunrise State? 1 hour, 10 min.
6. **FACILITATOR INPUT:** The Four Stages of the Budget Process 15 minutes
7. **TASK 6.4 ■** When to Intervene? 20 minutes

Understanding the Budget Decisions Required to Bring about Change (1 hour, 45 min.)

8. **FACILITATOR INPUT:** A Closer Look at Budget Decision-making Sequences 15 minutes
9. **TASK 6.5 ■** Who Is Responsible? 40 minutes
10. **FACILITATOR INPUT:** Constraints on Budget Change 5 minutes
11. **TASK 6.6 ■** Seeking a Budget Solution 45 minutes

ANALYZING POLICIES AND READING A BUDGET

Duration of session: 1 hour, 55 minutes

STRUCTURE OF THE SESSION

- | | |
|---|------------|
| 1. FACILITATOR INPUT: What Is Health Policy and How Do You Analyze It? | 15 minutes |
| 2. TASK 6.1 ■ Analyzing Health Policy in Polarus | 35 minutes |
| 3. FACILITATOR INPUT: What Do We Need to Use the Budget for Advocacy? | 5 minutes |
| 4. TASK 6.2 ■ Interactive Work Session: Reading the Polarus Budget | 60 minutes |

1. FACILITATOR INPUT: WHAT IS HEALTH POLICY AND HOW DO YOU ANALYZE IT? 15 MINUTES

Note: This input is supported by slides from the PPT file **MODULE 6 – Health Policy & Budget Process – Presentation #1**.

- Introduce the session by briefly giving participants an overview of the whole of Module 6, as outlined on **Slide 2**.
- Lead a discussion to clarify the meaning of the terms “policy” and “health policy.” **Slide 3** provides two definitions to serve as a basis.
- Using **Slide 4**, clarify that health policy generally addresses at least two central aspects:
 - **Public Health**, including population, sanitation, disease control, nutrition, mortality, occupational health, and environmental health.
 - **Health Care**, which is an umbrella term referring to treatment, access, service delivery, standards, protocols, financing and accountability.
- **Slide 5** provides pointers on the main role players who shape health policy. These include:
 - The Executive or government bureaucracy
 - Members of Parliament
 - Professional bodies, insurance providers, health workers’ unions
 - Health providers and professionals
 - Epidemiologists/researchers
 - Interest groups (for example, the disabled, the elderly, people who are HIV positive)
 - Public interest organizations, CSOs, health activists

- Use **Slide 6** to discuss the various fora and processes that contribute to health policy-making, and to consider the official policy process as it is ideally meant to unfold. Be sure to highlight here that among the public laws that should help shape health policy are constitutional provisions as well as international treaty obligations related to the right to health. In other words, for example, if the government has ratified the ICESCR, health policy must be developed within the framework of the guarantees and obligations related to the right to health highlighted in that treaty.
- **Slide 7** presents a diagram of the policy-making process. Explain the diagram¹ to the participants.
 3. Usually, policy initiatives begin with a **problem or opportunity** that suggests a need to create new policy.
 4. After **identifying the basic issue** (for example, “Obesity is a growing problem among youth in Canada.”), policy-makers engage in a substantial amount of **analysis** (“Why are kids becoming overweight and obese? Are they eating too much? Eating the wrong kinds of foods? Are they not getting enough physical activity?”).
 5. Out of this analysis comes the **development of policy and program options** (for example, “Young people are becoming obese because they get the wrong food and do not get enough exercise. We can educate them and their families; regulate the kind of food offered in vending machines in and near the school; work on changing the acceptability of ‘wrong’ foods; introduce mandatory daily gym programs in school; devise ways of making physical activity ‘cool.’”).
 6. Eventually, **a decision is made**, part of a complex cycle that takes into account the impact of new policy on several levels (for example, a decision on smoking affects many government departments, including customs, finance, intergovernmental, health, Aboriginal—not to mention tobacco industry lobby groups). **Influences on decisions are many and varied.**
 7. A **new or changed policy and/or program** is introduced.
 8. The policy is **monitored and evaluated.**

2. TASK 6.1 ■ ANALYZING HEALTH POLICY IN POLARUS

35 MINUTES

¹ This explanation of the diagram is taken from the publication, “*You Say ‘To-may-to(e)* and I Say ‘*To-mah-to(e)’*”: Bridging the Gap between Researchers and Policymakers, Canadian Institute for Health Information, 2004, p. 10-11.

- **The aim of this task** is for participants to gain some practice in analyzing policy content and build confidence in identifying components of a health policy that are relevant to their advocacy goals.
- Ask participants to work in their Polarus groups. Refer them to **TASK 6.1 ■ ANALYZING HEALTH POLICY IN POLARUS** in their Workbooks.
- After 20 minutes, gather in plenary and invite some responses from the groups.
- Check to ensure that participants have identified the relevant sections of health policy in Polarus. They should be able to explain how specific policy provisions would influence access to health care. (The relevant healthy policy sections for each group will differ depending on what their advocacy objective is. Thus, you will need to check what each group's advocacy objective is in order to verify whether they have identified the relevant sections.)
- Participants' responses should also show that they have been able to draw links between their advocacy objective and how it would impact on policy. Each group should have a clear sense of whether the existing health policy in Polarus is in alignment with what they are advocating for, or whether what they are advocating for would require a change in policy. This would make a big difference to the advocacy strategy required to bring about their desired change.

3. FACILITATOR INPUT: WHAT DO WE NEED IN ORDER TO USE THE BUDGET FOR ADVOCACY? 5 MINUTES

Note: This input is supported by slides from the PPT file **MODULE 6 – Health Policy & Budget Process – Presentation #1**.

- Now that participants know how to consider the policy implications of the health issue they are trying to address, the next question is: **How can we use the budget to sharpen and advance our advocacy objective?**
- Use **Slide 9** to take a more detailed look at what participants need to be able to **do** and **know** in order to use the budget for advocacy. This is a summary of the basic **skills** and **knowledge** that will allow them to build a budget dimension into their health advocacy work.
 1. They need to know how to read the budget. They will start learning this in this session.
 2. They need to determine who did what wrong in the budget process to cause the problem of concern. They will consider actors in the next session.
 3. They need to determine when those actors make the relevant decisions. How else would you know when to try and influence them? Next session.

4. Find out how they make their decisions. It is important to consider decision-making sequences and trade-offs that are made in arriving at a budget. How else would you know what to ask for and how? This issue is addressed later in the Module.
 5. Determine how the government might be able to fix the problem. This would involve your playing with the budget figures to find out what might address your problem.
- Explaining the skills and knowledge needed and letting them know when they will be addressed in the workshop should help position the participants so that they understand how the learning process will unfold and how the various things they are learning tie together.

4. TASK 6.2 ■ READING THE POLARUS BUDGET

60 MINUTES

Note: This input is supported by slides from the PPT file **MODULE 6 – Health Policy & Budget Process – Presentation #1** (presentation continues from facilitator input above).

- Inform participants that directions for this task are in their Workbooks as part of **TASK 6.2 ■ READING THE POLARUS BUDGET**.
- Participants should read the sections in the Polarus Sourcebook on the budget process and on inter-governmental relations, and then answer the true or false questions under b) (in their Workbooks) in plenary.
- Explain the budget system in Polarus using the metaphor of Russian dolls (**Slide 10**). Ask participants to call out some characteristics of these dolls. Confirm responses that highlight that the dolls all look the same, except that they get smaller, and that smaller ones fit into bigger ones.
- Explain further that just like the dolls (**Slide 11**):
 - All the budgets for each constitutional unit of government (National, State and Local in Polarus) use the same classification system.
 - Each smaller unit is contained in a larger one (e.g., State Health budgets as part of State Budgets).
 - But each level of government is its own complete unit (which is why you need to know the constitution and policy process in a country if you want to understand the budget).
 - Some summary tables complicate the picture (e.g., Fiscal Framework).
- Lead participants through the various spreadsheets or tables required for the questions, explaining the following key terms as you go:

- Consolidated budget (Polarus National (Centre and State) Budget)
 - Gross domestic product
 - Consumer price index
 - Consolidated
 - Revenue
 - Administrative, Functional, and Economic classification
 - Budgeted and Audited Expenditure
- Use the **Glossary** to confirm definitions and invite participants to make active use of the Glossary throughout the workshop.
 - Using **Slide 12**, remind participants of the importance of the non-budget data when analyzing the budget.
 - Using **Slide 13**, encourage them to ask the three questions before they start analyzing the budget.

ANSWERS TO QUESTIONS IN TASK 6.2: READING THE POLARUS BUDGET:

2) Decide whether each of the following statements is true or false:

- **False.** The money to fund primary schools is part of states' education budgets.
- **False.** State governments each receive their total budgets from the national government and then decide what portion of their total state budget to allocate to health.
- **False.** The funds used for housing construction in states come from national revenue and not from locally raised taxes.
- **True:** Public works is a national function, and the national Ministry of Public Works can decide what portion of funds to spend in different states. However, once the budget is approved there are some constraints on the extent to which actual spending may deviate from planned allocations.
- **True.** The Sunset State Department of Housing has the mandate to decide how to distribute its available funds across the various programs and items in its housing budget.

3) What government plans to spend is normally called an allocation.

What government actually ended up spending is normally called an expenditure. Expenditures are typically detailed in in end-of-year reports, and it is only some months or years later that the actual audited figures are available.

- 4) “Administrative classification” means the figures are classified according to who is responsible for spending the budget and the line items in it.
- 5) The difference between the health expenditure shown in the **National Expenditure** table and the health spending shown in the **State Health Budgets** is that in the case of Polarus the former includes only national expenditure happening through central government, while the state spending budgets show spending on health that happens at state level.
- 6) The **State Budgets** are an example of Administrative Classification, because they organize the budget according to the departments that are responsible for spending the budget.
- 7) The **State Health Budgets** tables disaggregate the “Health” line item in the **State Budgets** tables.
- 8) The difference between the Economic and Administrative Classification is that the former categorizes expenditure according to the kind of economic transactions involved and not by which administrative unit responsible for the expenditure.
- 9) **Drugs – Goods & Services; Nurses’ Salaries – Salaries; Maintenance of Clinics – Buildings & Other Fixed Assets**
- 10) Participants’ advocacy objective is linked to the **Sunrise State Department of Health**. The **state-level government** of Polarus is responsible for the budget that relates to the problem. The program in the State Department of Health that is more important for their advocacy objective is the **District Services program**, because they are interested in the lack of and quality of primary health clinics. Clinics are part of the **Primary Health sub-program** under District Services, which is the program with the main responsibility for primary health care in Polarus.

THE BUDGET PROCESS AND WHEN TO INTERVENE

Duration of session: 1 hour, 45 minutes

STRUCTURE OF THE SESSION

- | | |
|---|------------|
| 1. TASK 6.3 ■ Role Play: What Is Causing the Problem in Sunrise State? | 75 minutes |
| 2. FACILITATOR INPUT: The Four Stages of the Budget Process | 15 minutes |
| 3. TASK 6.4 ■ When to Intervene? | 15 minutes |

1. **TASK 6.3 ■ ROLE PLAY: WHAT IS CAUSING THE PROBLEM IN SUNRISE STATE?** 75 MINUTES

This session begins with a role play activity, followed by a debriefing in plenary.

The aims of the role play are:

- To encourage participants to think about the budget issues and decisions that underpin the development problems they are trying to address;
- To introduce participants to some of the players involved in the budget process;
- To enable their Polarus CSO groups to develop some suspicions and hypotheses about how the budget links to their advocacy objective.

INTRODUCTION AND GETTING INTO ROLE (20 MINUTES)

- Begin by getting the participants into role as members of civil society organizations in Polarus. Explain that in their organizations they have all committed to pursue the objective they agreed to earlier in the workshop. In order to understand their challenges better, they have all been told to go and investigate what is causing the health crisis in Sunrise State.
- Be clear that the participants all have the same problem as their point of departure, which is: *The provision of primary health care services in Sunrise State is not keeping up with the demand from people in need of health care in that state.*
- Their task in this role play is to find out as much as they can about what is causing this problem. The task is also outlined in the PPT file **MODULE 6 – Task-What Is Causing the Problem**.
- Refer participants to **READING 6.1 ■ TRANSCRIPTS OF MEETINGS WITH GOVERNMENT OFFICIALS ON HEALTH** in their Workbooks. It contains transcripts of interviews recently conducted by journalists with different government officials regarding the health problems in

Sunrise State. Through their contacts in the media, the participants' CSOs have been able to get hold of these transcripts from reporters at the *Polarus Times*.

- Ask participants to read carefully through the transcripts and then gather in their CSO groups. In 20 minutes time, they will have an opportunity to meet with the same officials, and ask them any questions they would like to help uncover what is causing the poor delivery of primary health care services in Sunrise State.
- Participants are to spend more or less 15 minutes in total reading the transcripts, and then meeting in their CSO groups to gather some preliminary ideas on what they will ask each of the officials. Naturally, they may review and change these questions as they learn more from each interview.
- After 5 to 10 minutes of reading, encourage the participants to gather in their groups and start planning the questions they would like to ask of the officials.
- Participants can record their questions and any other relevant information on the sheet for **TASK 6.3 ■ WHAT IS CAUSING THE PROBLEM IN SUNRISE STATE?** in their Workbooks.

ROLE PLAY: INTERVIEWS AND REFLECTION (45 MINUTES)

- The role play is set in Polarus, and involves the participants' visiting and interviewing four mock government officials. The officials are:
 - A senior official at the National Ministry of Finance;
 - An official at the Sunrise State Department of Finance;
 - An official from the Sunrise State Health Department; and
 - The Head of the District Services program of the Sunrise State Housing Department.
- Allocate the roles of the four government officials to four different facilitators and ask each to set up a mock office in a break-away room or corner of the training area.
- Invite the participants, in their Polarus CSO groups, to circulate amongst the officials. Only one group should visit an official at a time, and spend no more than 6 to 8 minutes with each official.
- After the groups have visited and interviewed all four officials, ask them to gather for a few minutes and reflect on what they have learned. They should try to identify as many possible explanations as they can for what could be causing the health problem in Sunrise State.
- Ask the groups to write each of their "theories" or hypotheses on a different sheet of paper

PLENARY DISCUSSION AND DEBRIEFING (10 MINUTES)

- Spend the last 15 minutes of the role play time discussing the hypotheses generated by the groups. Gather together in plenary and invite groups to volunteer their possible explanations for the health crisis in Sunrise State.
- These are the most likely hypotheses or explanations the groups will generate:
 - The National Ministry of Finance is under-funding State governments.
 - The National Ministry of Finance is not borrowing enough money, which means that it can't fund states enough, and they in turn underfund their Health Departments (linked to other hypotheses, of course).
 - The Sunrise State Department of Finance is under-funding its Department of Health.
 - The Sunrise State Department of Health is under-spending on its budget or wasting money.
 - The District Services program in Sunrise State is underfunded or wasting money.
- Write each of the hypotheses on a sheet of flipchart paper. Hang each sheet on the wall, with space in between each one. Invite the participants to cluster around the hypothesis that they think is the most likely “culprit.”
- Ask one participant from the group gathered around each hypothesis to explain why he or she thinks it is the most likely explanation for the health crisis in Sunrise State.
- This activity is meant to get the participants interested and engaged with the budget dimension of development problems. However, at this stage, they do not know enough about the budget process or the budget itself to go much further than speculate on these quite general hypotheses.
- If participants leave the activity with some suspicions that budgetary issues could be linked to their advocacy objective, then enough has been accomplished.

2. FACILITATOR INPUT: THE FOUR STAGES OF THE BUDGET PROCESS

15 MINUTES

- It is important to have detailed knowledge of the budget process when you are trying to influence the budget. This involves getting to know all the players and steps involved in each stage of the budget process.
- Without this knowledge, it will be impossible to identify the most strategic and effective points to intervene.
- Always keep in mind that:

- Different decisions are made by different people at each stage of the budget process. For example, perhaps the District Services program doesn't have enough money because the national government didn't transfer enough to Sunrise State in the first place. Then we can't really blame the poor program officer, can we? So we don't need to know only who decides what, but also how other decisions impact on them.
- Also, and importantly, you will only have the desired impact if you intervene before the decisions you want to change are being made.

Note: The following input on the budget process is supported by the PPT file, **MODULE 6 – Budget Process Diagram**.

NOTES ON BUDGET PROCESS DIAGRAM:

- During the formulation stage of the budget process, the following steps are completed, usually under the direction of the Ministry of Finance or National Treasury:
 - The Executive undertakes a modeling of the macroeconomic framework. Economic trends are analyzed in order to project the likely macroeconomic environment for the upcoming year and over the medium-term. This involves, for example, projections about the GDP, deficit, inflation, and exchange rates in the country.
 - The Executive estimates revenue for the upcoming year and the medium-term to establish the likely size of the forthcoming budget. Revenue estimates include such categories as taxes and non-tax revenues, donor funds, etc.
 - Expenditure ceilings are set for ministries, departments and other implementing agencies (MDAs) on the basis of which they can draw up their spending plans.
 - In most countries, the government releases a pre-budget statement.
 - MDA budgets are then formulated and negotiated.
 - The budget is submitted to the country's Cabinet for approval.
- In most countries, the formulation stage also involves planning processes and decisions at sub-national levels. For example, in Polarus:
 - The National Ministry of Finance determines the block transfers and conditional grants for all nine states.
 - In each state, expenditure ceilings are determined for the various state-level government departments, for example, the Sunrise State Department of Health.

- These State departments formulate expenditure budgets for the coming year as well as for the medium-term, and these are submitted to State Cabinet for approval.
- To return to the national level: The budget is tabled in the National legislature, by the National Minister of Finance. State budgets are tabled in their respective State legislatures, by their respective State Finance Department Heads.
- The National and State budgets are referred to relevant legislative committees, who are mandated to review and scrutinize the Executive's spending and revenue proposals. The committees report back to the main chambers of the legislatures.
- Amendments are made to the budgets (in those countries where legislatures have the power to make amendments).
- The budget is voted into law.
- Money is transferred to MDAs in line with the approved national and state budgets.
- Ideally, MDAs use the funds they have received for their intended purpose and deliver goods and services as agreed in the budget.
- Throughout the year while implementing the budget, MDAs produce in-year reports to show how they are spending allocated funds.
- At the end of the fiscal year, MDAs produce year-end reports to set out in full how they have spent allocated funds.
- The year-end reports of all MDAs are submitted to the Supreme Audit Institution (SAI) in the country concerned.
- The SAI conducts an audit of government spending. There are different kinds of audits and some countries undertake more extensive audits than others. In most countries, the audit would at least include an assessment of whether government spending was compliant with the budget, and whether funds are accounted for using sound financial management principles.
- The SAI prepares a report on government spending for each MDA and refers these reports to the national legislature or relevant state legislature.
- The legislatures refer the audit reports to their Public Accounts Committees (PAC) as well as other relevant committees.
- The PACs make recommendations to the legislatures about the findings of the SAI in relation to each MDA.

Participants will find the information covered during this presentation in **READING 6.2 ■ STAGES OF THE BUDGET PROCESS** in their Workbooks.

3. **TASK 6.4 ■ WHEN TO INTERVENE?**

15 MINUTES

- **The aim of this task** is to enable participants to apply what they have learned by having them identify when in the budget process decisions are being taken that impact on diverse budget problems.
- Refer participants to **TASK 6.4 ■ WHEN TO INTERVENE?** in their Workbooks.
- This is a plenary activity. Participants can buzz in pairs of small groups of three before calling out their answers.
- Invite the participants to consider each of advocacy issues listed on the task sheet. If necessary, clarify any concepts like “under-spending,” “wastage,” and “deficit,” and give examples for any issues that the participants find unclear.
- The answers to the questions are recorded below.
- In wrapping up this task, the main point to get across is that different decisions take place in different stages of the budget process. For advocacy to be effective, it is necessary to intervene before the decisions get taken that will impact on your advocacy objective. So if, for example, your concern is with how much money is allocated for health spending, you need to influence the budget formulation and budget approval stages.

ANSWERS TO TASK 6.4: WHEN TO INTERVENE?

The interventions would best be made at the following stages of the budget process:

1. The total amount being allocated to Sunrise State: National formulation stage and National legislative stage
2. Under-spending in the Sunrise State Department of Health: State implementation stage and State audit stage
3. The size of the National Government’s deficit: National formulation stage
4. Money allocated to primary health care in the health budget: State formulation stage and State legislative stage
5. Wastage in the health budget: State/national implementation and audit stages
6. The total amount of money allocated to States: National formulation stage and national legislative stage.

UNDERSTANDING THE BUDGET DECISIONS REQUIRED TO BRING ABOUT CHANGE

Duration of session: 1 hour, 45 minutes

STRUCTURE OF THE SESSION

1. FACILITATOR INPUT: A Closer Look at Budget Decision-making	15 minutes
2. TASK 6.5 ■ Who Is Responsible?	40 minutes
3. FACILITATOR INPUT: Constraints on Budget Change	5 minutes
4. TASK 6.6 ■ Seeking a Budget Solution	45 minutes

1. FACILITATOR INPUT: A CLOSER LOOK AT BUDGET DECISION-MAKING 15 MINUTES

Note: This input is supported by slides from the PPT file **MODULE 6 – Health Policy & Budget Process – Presentation #2**.

- Refer back to the role play that participants undertook in the previous session. At the end of their investigation, it would have seemed that the Head of the District Services could have been causing the poor health service delivery in Sunrise State.
- While this assumption may be true, it may also not be true, and may not best serve your advocacy objective of getting primary health services improved in Sunrise State. Often, it is possible to dig deeper in your investigation of the budget problems.
- Let's consider why the District Services program may be under-spending or wasting funds. There are several possible answers to this question. To explore for underlying causes, it is important to look at not only where budget problems occur, but also at the entire sequence of decision-making that surrounds the problem in question.
- Use **Slides 3-5** to explain each of the steps in the national and state sequences of decision-making, as well as the players responsible for decision-making at each step.
- Use the example of health officials resigning in Sunrise State over low salaries (**Slide 6**) to show the various decisions and decision-makers that may be causing or contributing to the problem.

- Participants will find the information covered during this presentation in **READING 6.3 ■ THE SEQUENCE OF BUDGET DECISIONS** in their Workbooks.

2. **TASK 6.5 ■ WHO IS RESPONSIBLE?**

40 MINUTES

- **The aim of this task** is to enable participants to practice identifying the key role players within government who affect budget problems and have the decision-making power to address these problems.
- Ask participants to turn to **TASK 6.5 ■ WHO IS RESPONSIBLE?** in their Workbooks.
- This is a group activity. Ask participants to work in their Polarus CSO groups.
- There is no need for each group to report back in full on their lists. Rather facilitate a less structured report-back discussion, with volunteers from the floor naming possible budget problems that came up during their discussions. Then identify the relevant decision makers together.

ANSWERS TO TASK 6.5: WHO IS RESPONSIBLE?

Some key points to emerge from the discussion:

- Each of the decisions taken during the budget formulation stage has a different potential impact on a problem.
- Thus, the poor delivery of health services in Sunrise State could be the result of:
 - Not enough taxes or debt, so there is not enough money available for expenditures overall; and/or
 - Of the available resources, not enough money is allocated to the states as a whole; and/or
 - Of the available resources allocated to states, not enough is allocated to Sunrise State; and/or
 - Of the resources available to Sunrise State, not enough is allocated to health; and/or
 - Of the money going to the Health Department in Sunrise State, not enough is allocated to primary health care (under the District Services Program); and/or
 - Not all the money available for the District Services' primary health budget is actually spent; and/or
 - The funds available for health in Sunrise State are not spent efficiently.
- Consult **Slide 5 in the previous presentation** to determine who makes each of these sets of decisions.
- These different possible causes of the problem are not mutually exclusive. A good budget analysis could illustrate the extent to which each of these explanations contributes to the problem.

3. FACILITATOR INPUT: CONSTRAINTS ON BUDGET CHANGE 5 MINUTES

Note: This input is supported by **Slide 8** from the PPT file **MODULE 6 – Health Policy & Budget Process – Presentation #2**.

- Introduce this discussion by explaining that when you are advocating for solutions that require changes in the budget, it is important to be aware of the internal constraints and complex relationships within which budgets are negotiated and set.
- Ask the participants to suggest factors that come to mind that might make it difficult to change budget decisions and practices.
- If it doesn't come up, be sure that mention that one factor that makes it difficult to bring about changes in budgets is the fact that budgets are relatively rigid. They can't be reinvented from scratch every year – there are always pre-existing commitments that need to be accommodated and are often non-negotiable.
- What makes budgets rigid?
 - Many budgets include a large component of salaries, which cannot readily be reduced without making far-reaching decisions regarding peoples' jobs.
 - Many budgets are designed to fund the implementation of existing contracts, and these are difficult to change.
 - Where budgets include considerable amounts dedicated to debt repayments, pensions, and social security payments, there is little leeway to reduce or alter allocations.
- Factors such as these limit how much money can be shifted in any single financial year

NOTES ON SLIDE 8

- All budgets are based on balances and political trade-offs. The allocation of public funds is usually a competitive process where ministries and departments vie against each other for as big a slice of the resource pie as they can get. The overriding rule of the game is: "What I get is what you don't get."
- Therefore, whenever you are advocating for something which requires more spending on a certain sector or program, it is essential to consider where the money will come from to address the problem you want to impact.
- As part of your advocacy strategy, you will have to develop recommendations about what trade-offs could be made, and the advantages that would come with making such trade-offs.

- In addition to thinking about the implications of your proposal for the budget, it is wise to consider in advance the political costs such changes would entail. Who would stand to lose face or status as a result of changes in allocations, for example? In other words, be sure to analyze and determine who may be opposed to your advocacy position for status or power reasons and not just simply budgetary ones.
- Participants will find the information covered during this presentation in **READING 6.4 ■ FACTORS AFFECTING BUDGET CHANGE** in their Workbooks.

4. **TASK 6.6 ■ SEEKING A BUDGET SOLUTION**

45 MINUTES

- **The aim of this task** is to allow participants to experience for themselves how difficult it can be to make trade-offs between competing needs in the budget, and to consolidate their understanding that advocacy demands should be backed up with realistic budget recommendations.
- Refer participants to **TASK 6.6 ■ SEEKING A BUDGET SOLUTION** in their Workbooks.
- This is a group exercise. Before the participants reconvene in their Polarus CSO groups, briefly explain the task and field any questions of clarification that may arise. Among the most frequently asked questions:
 - *Can you borrow more money?* You may borrow, you may tax more, but you still need to answer the questions about political cost.
 - *Will the Sunrise State Health Department need the additional funds every year or just over the three-year period?* An additional 50 million Dinar is needed every year, not across the 3 years.
- If necessary, remind the participants that they have other information about Sunrise State spending in their Polarus Sourcebooks, which may be relevant to this task.
- After approximately 30 minutes, facilitate a plenary discussion of possible solutions emerging from the participants' considerations.

WRAP-UP TO TASK 6.6: SEEKING A BUDGET SOLUTION

- There is no single or even ideal solution to this problem – as is the case with many real budget situations. The lack of a perfect solution for this problem therefore mirrors real life.
- To solve the problem, you could decide to call for an overall increase in spending, in which case taxpayers or donors may not support the idea.

- You could also propose taking money away from other areas of the Sunrise State budget, such as administration, health, or social development. But in each case, there will be some resistance to your proposal as the implications may be cutting civil servants' salaries, etc.
- In many cases, you might wish to spread the pain of such trade-offs over many years. The price you then pay is how long it takes to eventually arrive at a solution to the problem.
- One reason why it is so difficult to propose the best solution to the problem at this point is that you don't really know enough about the budget figures. For example, if you knew that the figures for the Office of the Prime Minister were vastly inflated or that the child nutrition project has been dormant for the last three years, your perspective on the best solution would shift. This is why budget analysis is so essential to determine the most informed solution for your advocacy objective. Participants will learn much more about this in Module 7.