



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

Module 6

Health Policy and the Budget Process (Part 2)





Understanding the Budget Decisions Required to Bring about Change



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Sequence of National Budget Decisions

National fiscal framework

(Ministry of Finance, donors, Central Bank)



National or State Ministry/Department budgets Block and conditional grants to States

(Ministry/Department of Finance, Cabinet)



National programs

(Department heads, Ministers)



Economic classification

(Program managers, Department heads)



Budget implementation

(Program managers, Department heads)



Sequence of State Budget Decisions

State fiscal framework

(State and National Department/Ministry of Finance, State Cabinets)



State Department/Ministry budgets

(State Department of Finance, State Cabinets)



State programs

(Department heads, Ministers)



Economic classification

(Program managers, Department heads)



Budget implementation

(Program managers, Department heads)



A Sequence of Decision Makers

The decision about:	Who decides?
How much extra money we will collect in tax and donor funds for next financial year	Ministry of Finance, Central Bank, donors, IFIs
How much extra money we want to spend	Ministry of Finance, donors, Cabinet
How much money we should we borrow	Ministry of Finance, Central Bank, donors
How to divide up additional money between expenditure Departments	Ministry of Finance, donors, Cabinet
How to divide up additional money within Ministries/Departments (which programs)	Ministry/Department heads
On what to spend additional money within a program	Department head, Program head
Budget implemented	Department head, Program head

Example: Health officials in Sunrise State are resigning over low salaries.

Which decisions could have caused the problem? Who made these decisions?

If the problem is:	The responsible person is:
Underspending on funds allocated for health	Payroll manager, Head of Sunrise State Department of Health
Not enough allocated to salaries in Sunrise State Department of Health	Head of Department of Health, Minister of Health
Not enough allocated to Health Department in Sunrise State	State Cabinet
Not enough allocated to Sunrise State	National Minister of Finance, Donors, Cabinet
Not enough allocated to overall expenditure in Polarus	Minister of Finance, Donors, Cabinet
Not enough tax/debt raised in Polarus	Minister of Finance, Central bank, Donors
Is this the result of poor donor commitment, weak tax administration or conservative fiscal policies? Or is the economy simply too small?	Minister of Finance, Donors, Cabinet



Break



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Budgets Have Winners and Losers

- All budgets are based on balances and political trade-offs: “What I get, you don’t get.”
- Consider where to find the money in the budget to address the problem you want to have an impact on
- Consider what trade-offs would need to be made
- Consider what the political costs of the change in the budget you want would be and who would pay them

