

How to Engage in Budget Cycles and Processes to Leverage Government Budgets for Children

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PF4C Technical Guidance Note Series, No. 1

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Acronyms

CO	(UNICEF) Country Office
IMF	International Monetary Fund
MoF	Ministry of Finance
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTPF	Medium Term Performance Framework
NGO	Non-Governmental Organization
PEFA	Public Expenditure and Financial Accountability
PF4C	Public Finance for Children
PFM	Public Financial Management
PRSP	Poverty Reduction Strategy Paper
SWAp	Sector Wide Approach
UNICEF	United Nations Children's Fund

1. Introduction¹

Budgeting is the process of allocating limited resources to the prioritized needs of an organization. For a government, the budget process allocates finite resources (collected through taxation or donor funding) to national or subnational priorities through ministries and other government agencies.

The *budget document* reflects a government's 'true' policy priorities, as the budget converts policies and political commitments into decisions on where funds will be spent and how revenue will be collected. The best child policy or framework will have little effect if unfunded. Budget 'cuts' often have the greatest impact on programs that benefit vulnerable and marginalised groups, as items such as debt interest, the public-sector wage bill and military expenditure are prioritised.

The *budget process* is *how* services for children are financed by governments. The annual budget document is one part of the multi-year budget process. The annual *budget* process determines the *amounts* available to line ministries based on line ministry budget submissions—these submissions are consolidated and published in the annual budget document. In many countries there are also multi-year budget frameworks, including multi-year budget documents.

United Nations Children's Fund (UNICEF) staff, especially social policy staff, need to have a good understanding of how the expenditure side of the government's budget is planned, prepared and executed in order to improve public investments in children. *Why?* UNICEF advocacy raises awareness of inadequate, ineffective or inequitable spending on children's rights, but only by engaging in the budget process can you ensure these issues are addressed meaningfully and in an institutionalized way.

By engaging in the budget process, UNICEF COs (COs) can increase *effective* public spending in counterpart ministries. That is, by improving the allocation and subsequent disbursement of public funds, there can be better financing for children's rights. It is important to note that engaging in the budget process and budget analysis also needs to focus on improving the *quality of spending*, not necessarily only the quantity. Further, engaging in the budget process is a medium-term engagement.

The budget process is arguably the single most important public policy arena for UNICEF to engage in, if domestic financial resources are to be leveraged for at-scale, lasting results for children.

¹ Prepared by Sophie Brown (Consultant, Public Finance and Governance Unit, Social Inclusion Section). This note benefited from the views of UNICEF CO staff who participated in a webinar discussion and who provided inputs on the case studies. For comments and questions, email jchai@unicef.org.

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To influence the budget process, UNICEF COs need to know:

- What is the budget framework
- Who is responsible for planning and preparing the budget
- How can changes in budget plans be programmed

This Technical Note outlines what UNICEF staff need to know, and presents good practices illustrated by selected country office (CO) case studies. It does not address changes to or improvements in the budget system and arrangements which are generally beyond the scope of UNICEF. Further, as every country's system is different, UNICEF staff need to verify how the budget process in their country works: the timing, the legal base to allocate funding, and the roles of the Ministry of Finance (Mof) or Ministry of Planning as well as the legislature and executive.

This Technical Note is based on the public expenditure management literature and discussions with UNICEF COs about their activities, challenges faced and successes. The Public Finance and Governance Unit organized a webinar on The Budget Process on 22 February 2015. The case studies reflect the experiences of UNICEF COs. An audio recording of the Webinar is also available on the Public Finance for Children (PF4C) Community of Practice.

2. Budget Systems and Objectives

It is important to understand what budget systems are used where UNICEF operates and their objectives. UNICEF efforts and approaches which align with these objectives are likely to yield better results.

The three objectives of public expenditure management and therefore budget systems are:

1. Maintain aggregate fiscal discipline (i.e. binding expenditure ceilings at aggregate level and by individual spending entities);
2. Allocate available resources according to government priorities; and
3. Promote the efficient delivery of services.

Budget planning and preparation are at the heart of good public financial management (PFM). They are the principal mechanism for (1) and (2). Item (3) typically features as an element of budget preparation only in more developed countries. This implies that UNICEF efforts to support government partners in budget planning and preparation are more likely to succeed.

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Governments use a variety of budget approaches and formats. Various budgeting models commonly used include: (i) line-item or ‘traditional’ budgeting; (ii) performance budgeting; (iii) program budgeting; and (iv) outcome-based budgeting. Moreover, many governments use hybrid versions. The end product of all budget methods is a document which allocates government resources. All budget documents are quite similar, but the budget approaches have quite distinct preparation processes. Each of the approaches has advantages and limitations. It is important for social policy officers to be aware of the different budgeting environments so that they can design PF4C interventions according to specific challenges and opportunities.



*You may find out the budget system in your country by checking the **Public Expenditure and Financial Accountability (PEFA) assessment**²*

2.1. Line-item budgeting

Line-item budgeting is still widely used because of its simplicity and ease of preparation. Expenditure is often based on historical expenditure and revenue data. This method budgets by organizational unit and is consistent with institutional hierarchies, and responsibility in organizational units. Line-item budgeting involves the sum of expenditure at each level. A line-item budget presents expenditure amounts by category (such as salaries, goods and services, operational expenses, etc.), and since the justifications or purposes of the expenditures are not explicit, they do not encourage ministries to work toward results. To overcome these limitations, a line-item budget can be supplemented with program and performance information.

2.2. Performance budgeting

Performance budgeting links funding to results through the use of indicators and costings. There is a variety of performance budgeting models. All link funding to results—but in different ways. The goal of performance budgeting is to improve expenditure prioritization, leading to better service delivery. Expenditure prioritization also encourages sustainability as activities which are a priority will be funded, even under budget cuts. For example, if maternal mortality estimates are increasing, under performance budgeting spending to decrease mortality and improve the indicator can be prioritised. In many countries, Poverty Reduction Strategy Papers (PRSPs) aligned indicators to spending. In the Central African Republic, UNICEF and partners helped the Ministry of Planning develop a resource mobilization strategy around the PRSP. Program budgeting is a form of performance budgeting.

² http://pefa.org/en/assessment_search

2.3. Program budgeting

Program budgeting categorises expenditure into ‘programs’ of work regardless of the structure of the ministry or organization. Budget requests are summarized in a few broad programs rather than in the detail of line-item expenditures or departments. This is a complex exercise, particularly for cross-cutting areas. Good program budgets require strong capacity in ministries, including an understanding of the costs of all the varied activities included in the program. Expenditure is classified by objectives (outcomes and outputs), rather than by economic categories and organizational categories. Program budgeting systems connect all expenditures to the ministry’s objectives and link spending to long-term goals. It is often argued that ministries are more likely to achieve targets under program budgeting.

2.4. Outcome-based budgeting

Outcome-based budgeting aims to make more effective use of resources at all levels of government. Outcome-based budgeting links the allocation of resources to identified outcome targets. The objective is to distribute government funds to ministries or programs that use them most effectively, i.e. reach the targets. Outcome-based budgeting is closely connected to the planning process. In order to focus on outcomes, goals and objectives must be identified and tied to budget allocations.

A concern with most government budgets—no matter the budgeting approach—is the lack of analysis of ongoing expenditure. Budget discussions often focus only on ‘new spending initiatives’ (referred to as ‘incrementalism’).

Box 1. *Horizontal cooperation on output-based budgeting*

UNICEF Mongolia supported a delegation from the Mongolian MoF to visit Malaysia and learn about an output-based budgeting system. Mongolian government officials met with the Economic Planning Unit and sectoral ministries in Malaysia. The MoF presented how their budget addresses inequity and disparities in access to social services. The visit highlighted how to create linkages between planning and budgeting with a child-sensitive budgeting focus, and further facilitated discussions on sustainable investments for children.

3. The Budget Cycle

It is critical for UNICEF to engage in all stages in the budget cycle to contribute valuable technical skills and awareness of spending on children but also to inform the government of children’s needs and highlight priorities in budget debates. Engagement extends beyond advocacy with the legislative and increasing the capacity and participation of civil society, to

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actually working with counterpart line ministries on annual budget formulation, ensuring the budget reflects government policies.

It is important to remember that the annual budget process is not a single document but a year-long 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. For example, while the executive is formulating the budget proposal for the coming year—choosing which programs to invest public funds in—line ministries are executing the budget for the current year, and the Supreme Audit Institution is evaluating the previous year’s expenditure. Within a multi-year framework, this is amplified.

The budget cycle usually has four stages (Figure 1):

1. **Preparation** (or formulation), when the budget plan is put together by the executive branch of government;
2. **Approval**, when the budget plan may be debated, altered and approved by the legislature;
3. **Execution**, when the government implements the policies of the budget; and
4. **Auditing** and assessment, when the actual expenditures of the budget are accounted for and assessed for effectiveness.

Each of these stages present different opportunities for UNICEF’s participation.

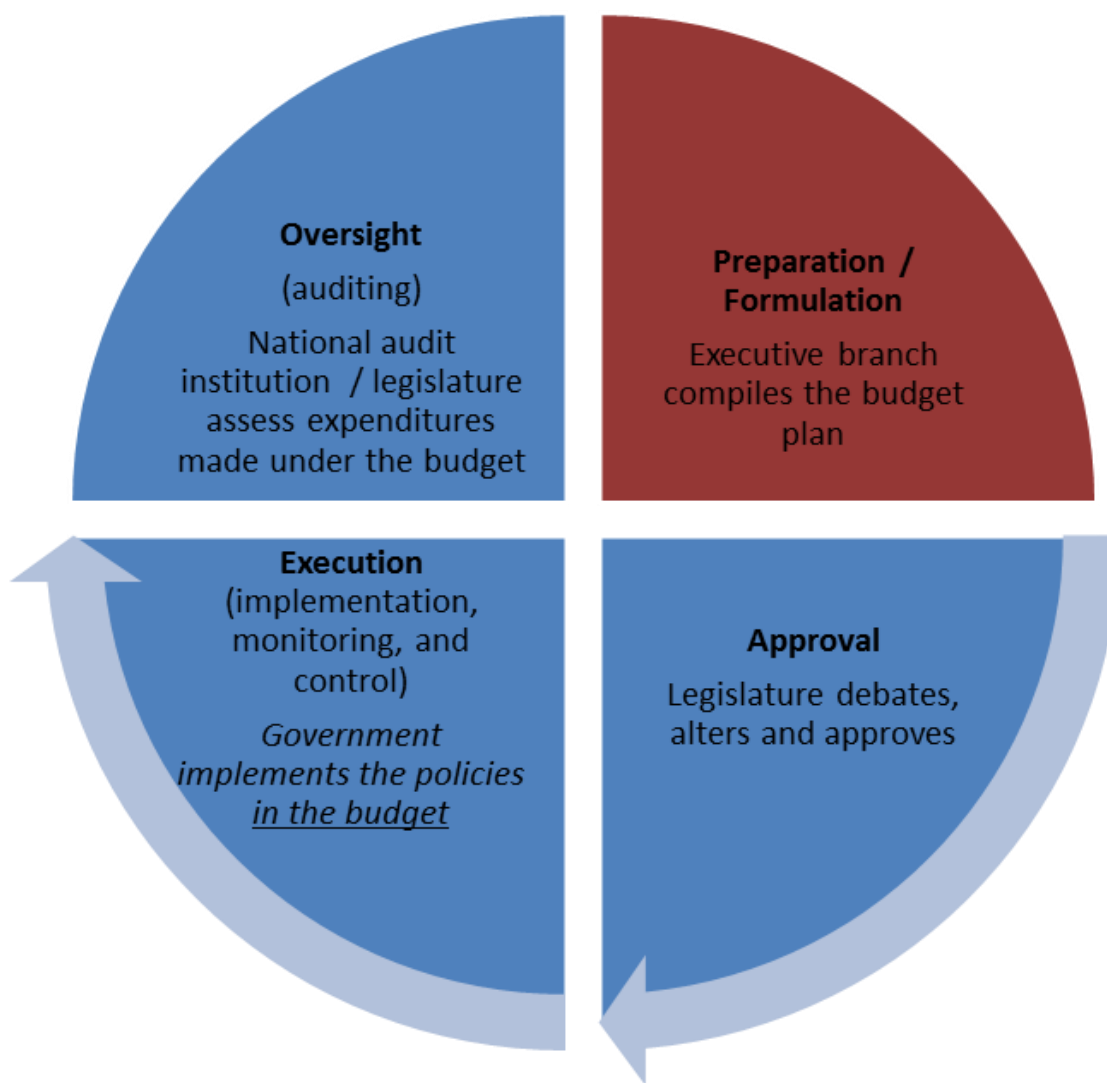
3.1. Preparation

The preparation of the budget is not normally public. The government may release a discussion document or an overview of the budget, but generally the legislature and civil society have little direct access. As a result, it is critical for UNICEF staff to directly engage with line ministries and the ministries of finance and planning during budget preparation to ensure that the budget is linked to policies and that frameworks for children’s rights have sufficient allocations. Staff should concentrate on this stage, as decisions are made during preparation. Note this stage alone is an iterative process of many months. Further, even in countries where the legislative process can significantly impact the budget, it is better practice for UNICEF to work with line ministries to improve the submissions.

The budget is however rarely constructed from scratch, which allows UNICEF and civil society to also advocate for better budgets for children. For example, this can include publishing an analysis of the need to fund existing legal frameworks or short briefs/notes on issues considered priorities, with the hope of influencing the budget as it is formulated.

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Figure 1. The budget cycle (simplified)



Outcomes are affected by the amount of money a government allocates and to what programs. Poor outcomes often reflect weak links between policy making, planning and budgeting, i.e. government policies and the budget process. A country's policies and planning are constrained by what the country will be able to afford over the short and medium term. Policy making and planning are often *unrealistic* vis-à-vis budgetary implications—politicians often make grandiose promises which render the policies or programs unsustainable. Other policies may be simply 'forgotten' in ministerial budget submissions; others may not be included in the legal framework for public funds (e.g. the budget law); and yet others may be almost entirely funded by bilateral or multilateral donors.

If a UNICEF CO has worked closely with the government on legislation and policies for children's wellbeing, it is essential that staff ensure the legislation will be funded

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Case study 1. UNICEF Tajikistan: Financially sustainable investments in children

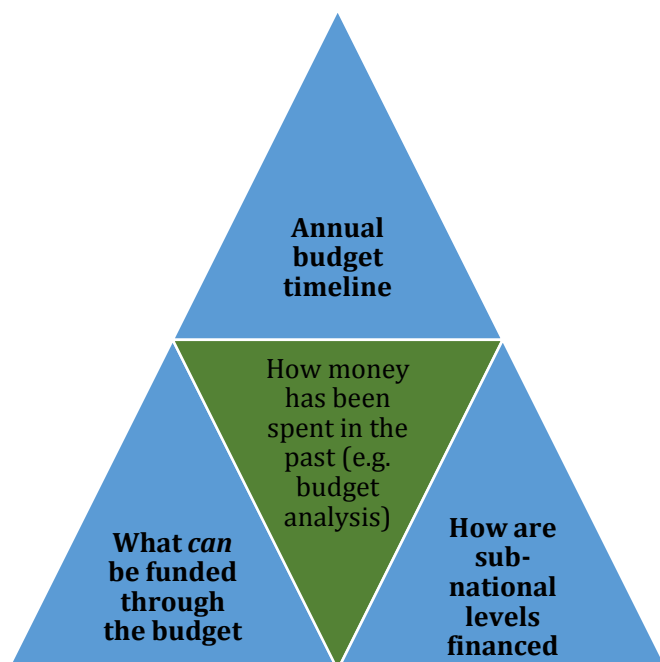
Many donor-supported reforms that benefit children are unsustainable in Tajikistan. Despite a decade of JICA support, the government cannot take responsibility for the full cost of vaccines. The CO vocally advocated for necessary financing reforms in the health sector. The UNICEF CO has raised awareness of the lack of domestic financing both internally within the health ministry and externally with the MoF. Further, the CO actively engaged in discussions on health sector financing. To prevent stockouts and prepare the government for the end of JICA support, the CO took action. The CO worked with the Ministry of Health and Social Protection to develop a costed budget. Concrete technical assistance has provided the ministry with the skills it needs to include vaccines in the budget.

To improve government budget submissions for children’s services, a comprehensive understanding of the budget planning and preparation system is essential. Among the details, UNICEF staff need to focus on four key questions. These questions ‘triangulate’ and assist in effectively engaging in the budget.



The ‘Budget Triangle’—the knowledge to engage effectively

The three ‘outside’ triangles form the knowledge frame—*the scope*—as well as the basic regulations which govern public spending. The inner triangle—how money has been spent in the past—depends on, and is contained within the outside triangles. All UNICEF technical assistance and advocacy about spending more and better on children occurs within this structure.



Armed with (brief) answers to the questions asked in the outside triangles, UNICEF staff can confidently assess spending in previous years, and use the ‘knowledge tools’ to discuss the budget in meetings to effectively engage in the budget process.

UNICEF CO often have budget analysis included in the Country Program Document, but only rarely are staff fully aware of the budget timeline, how the budget is costed or the budget legal

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framework (e.g. budget law). These are crucial to improving allocations to children's services, and actually often determine how money is spent.

In many developing countries, how money has been spent in the past, is most likely how it will be spent in the future. But, UNICEF can 'change' the budget, if they understand the frame. Most important, is *knowing a country's annual budget timeline*, and whether there is a *Medium Term Expenditure Framework (MTEF)*. The timeline and MTEF determine what UNICEF CO should focus on and when. For example, if the budget is released in November (effective 1st January), it is too late to change appropriations, but UNICEF can advocate with parliament and the ministries of finance or planning. Evidence-based advocacy comparing previous year's spending with the new budget can be effective. Related to the timeline, a UNICEF staff also needs to understand *how subnational levels are financed*—are there transfers, own source revenue, etc.

Critically a UNICEF staff needs to understand *the legal basis*—what determines whether a program is financed through the budget. Is it the budget law? The legal basis is vital for advocacy—some countries have strict guidelines on what programs can be funded. Advocacy is futile if the budget law is not on your side. Staff also need to understand the legal basis to ensure UNICEF-supported programs can be included in the budget. *The legal basis will underpin past and future budget allocations* and spending. UNICEF budget analysis regarding how money has been spent in the past often does not consider the legal basis.

Knowledge about *how has money been spent in the past* is important. Budget analysis strengthens evidence-based advocacy; trends over time reveal patterns in how ministries allocate their budgets. Developing countries often use the previous year's budget, and do not analyse current needs or actual costs of service delivery or whether more could be achieved for the same amount. Knowing whether a ministry uses the previous budget is important. If so, UNICEF has an opportunity to help line ministries cost and analyse needs. In doing so, UNICEF can successfully leverage the budget. If budgets are not a 'copy-paste' from the previous year, UNICEF will need to engage in discussion on how the budget is costed.

UNICEF COs aim to increase investments in children. Engaging in the budget process is the quickest measure to do so. Better investments are not simply more money—increased investments in children means better outcomes for children. UNICEF staff can *support sustainable financing for children* if they actively engage in the budget. More money one year, can be removed the following. Volatile funding does not support children long-term. UNICEF CO need to advocate for continued investments in children beyond election pledges. Working with line ministries to integrate programs for children into the budget and cost them properly is key to sufficient funding.

Sustainable financing for children requires awareness of how the government spent money in the past and also what donor (or external) funds the government relies on. What areas does the government *not* spend money on? UNICEF COs need to be aware of upcoming

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changes in donor resources that will impact children. Is the country ‘graduating’ from Gavi or receiving fewer resources from the Global Fund or the Global Partnership for Education?

Box 2. Example of health budgets

Although Gavi ‘accelerated transition’ is over a five-year period, governments are often reliant on Gavi support for vaccines. During ‘graduation’, countries face co-financing contributions which increase linearly *by 20% a year* to reach the full self-financing cost in year 5. A social policy officer, working with health colleagues, needs to ensure the government has ‘factored’ higher co-financing requirements in the annual budgets. Governments also must plan to fully self-finance in ‘year 6.’

Line ministries often overlook such facts, particularly if the budget is a ‘copy-paste’ based on the previous year. In health, this could lead to stock-outs of vaccines for immunisation, or drugs for HIV positive mothers. In education, donor resources often supplement government funds, but hard-won gains will not be preserved without continued funding, especially for vulnerable populations, African countries and conflict areas.

In the advocacy space, UNICEF COs campaign for greater investments in children. In the immediate, UNICEF staff need to assess line ministry budgets to see whether government funds can be *better spent* (i.e. to deliver better services for children). *It is much easier to affect government expenditures at the ‘upstream’ point of budget preparation than later*

during the execution of the budget. Budget execution can *only mitigate* the problems caused by poor quality or unrealistic budget preparation.

Combining an in-depth programmatic knowledge of children’s rights with practical knowledge of a country’s budget process is a highly effective approach to influencing investments in children. UNICEF staff can be more effective if they understand the different entry points for technical assistance and advocacy, during the formulation of the budget, approval and implementation. The Guatemala CO case study highlights the importance of the ‘budget triangle.’

Case study 2. UNICEF Guatemala: Engaging sooner rather than later - ‘Don’t wait, even in an election year’

In 2015, Guatemalans voted in elections for a new administration to enter office in January 2016. Despite the focus on politics, election years are critical times to engage in budget discussions. In Guatemala, as in many other countries, electoral changes can lead to changes in government priority areas, and the funding the government allocates. Engaging in an election year can ensure child programs are budgeted under new governments. Given the political environment, UNICEF CO decided to proactively engage line ministries in 2015 to protect the budget for 2016.

Guatemala’s national budget is small with minimal investment in children, about US\$ 0.70 per child per day. UNICEF launched a pre-election campaign calling for greater investment in children, and at the same time worked with line ministries to solidify funding for important programs within ministries. It is important to stress the budget process continues during election years. A new government may pass supplementary or revisions to budgets, however they must

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be in power to do so. Equally, outgoing governments will sometimes try to protect their interests in the budget.

UNICEF Guatemala chose to focus on four ministries: education; health; social development; and Secretariat of Social Welfare. The engagement began in March to coincide with ministries' budget submissions. UNICEF hired the Central American Institute for Fiscal Studies to provide technical expertise on budgeting. Key to the success of the engagement, UNICEF Guatemala had goals for each of the ministries it worked with: areas the CO wanted to be funded. Early in the engagement, the team realized little could be achieved working with the health ministry and Secretariat of Social Welfare. The health ministry was restructuring, and staff constantly changing. Separately, the Secretariat had a non-governmental organization (NGO) structure, and weak capacity. It was decided to re-engage both ministries on their budget submissions in 2016, following the election: there was insufficient time this budget cycle.

In education, the objective was sustainability of UNICEF-supported programs after the administration change. The team agreed with the Minister on 'focus' areas. Working with the Planning department, the team discovered that budgets were not costed, but based on the previous year's approved budget. What started as a simple exercise to safeguard spending on children given an election, led to working closely with line departments on costing budgets. Previously the CO had conducted social budget analysis, but had not actively engaged in the budget process. That was about to change.

The CO learnt several key facts through working with line ministries on the budget submissions. For example, the monitoring network that the CO had previously advocated for had no legal basis for funding through the budget (i.e. the budget law). This was news to UNICEF. UNICEF had wanted to increase the budget allocation, but learnt that the network could not be allocated any budget. Further, working with line departments on budgets, UNICEF became better aware of ministry staffing arrangements. Some departments had no staff allocated. Through engaging in the budget process 'real-time' UNICEF became aware of inefficiencies in the system; and thanks to UNICEF technical support the line departments planned and costed the budget against needs in the three areas. In mid-July, the ministry approved the consolidated budget and submitted it to the MoF. UNICEF successfully improved the ministry budget submission, improving the budgets for key areas in an election year. In September, UNICEF planned to emphasize funding for monitoring networks in annual advocacy to the MoF.

Whoever wins the election, UNICEF learnt vital information about programs—information that had not been highlighted previously, and worked with the ministry to budget for better investments in children. And despite the ongoing political campaigning and hoo-haa, the budget process continued.

3.2. Approval

Approval is an important phase for evidence-based advocacy by UNICEF and supporting civil society groups. Approval—when the government presents the budget to parliament—creates an opportunity for media coverage about priority issues and attention for published budget analyses, showing inadequate public funds for children. UNICEF can also provide 'expertise' at budget hearings and comment on budget proposals. If investing in the budget preparation stage, staff can positively advocate and support budget submissions in terms of realising children's rights. It is important to note that budgets adjusted by parliament during

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the approval stage are rarely costed and therefore less sustainable, compared to those influenced during the preparation stage. Civil society can also highlight children's issues and the impact of budget proposals. However, parliamentarians are less likely to change budgets for negative publicity than for positive, which means it is crucial for UNICEF staff to interact with ministries during Preparation.

Case study 3. UNICEF Republic of Congo: Building budget capacity

In Congo, UNICEF developed a 'budget skills' capacity building program. The aim was two-fold. The first was to improve the budget documents for health, elementary education and social affairs and promote gender issues and child-sensitive programs. The second was to better position UNICEF in budget processes in order to increase the resources allocated for children. Through mentoring department managers in priority areas and actively developing their skills, UNICEF achieved an increase in the investments in children in the approved budget. Further, four joint projects—co-financed by UNICEF and the government—were included in the 2014 budget.

Actively engaging in the annual budget process allowed UNICEF to both influence budget allocations through prioritising expenditure for children and leverage government resources. In short, a 'win-win' for children.

3.3. Execution (implementation, monitoring and control)

Implementation of the budget is an executive function. UNICEF staff and civil society groups have limited ability to monitor the flow of funds. During the budget cycle, UNICEF can interact with the MoF and line ministries on budget execution, for example by monitoring disbursements on a quarterly basis in an independent oversight role. Moreover, UNICEF can focus on whether amounts for specific projects, such as a cash transfer or flagship nutrition program, have been used for the intended purpose through interviewing community members and beneficiaries. Disbursement analysis is undertaken with a significant time-lag but provides important information.

3.4. Auditing and legislative assessment

This stage in the budget cycle is a valuable opportunity to obtain information on the effectiveness of particular initiatives, and to advance governance and accountability by assessing whether the legislature and executive respond to the findings of audit reports. When available in a timely manner, audit reports often reveal poor expenditure practices, leakage and procurement irregularities. UNICEF staff should use audit reports to inform budget formulation by identifying key weaknesses (e.g. tender processes, above-market price payment for inputs like self-financed vaccines rather than procured through UNICEF Supply Division) and advocating for appropriate changes.

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Case study 4. UNICEF Uganda: Investing in parliamentarians to invest in children

In Uganda, UNICEF cultivated relationships with parliament to influence the approved budget and ensure the proposed budget was not changed detrimentally. The CO actively collaborated with technical offices in parliament and sectoral committees, raising their ability to assess budget documents (which they approve) and to link budget activities with child outcomes. In addition to advocacy meetings, three quarters of parliamentarians were trained on children's issues.

In many countries, the legislature does not have adequate capacity to research and analyze budget information, including budget submissions and audit reports. Training parliamentarians had a significant impact on the budget process. Key budget recommendations for children in the areas of nutrition, immunisation and early childhood development were included in the approved budget. This guaranteed funding for the programs in the annual budget document.

4. Legal Framework for Budget Process³

With few exceptions, budgets and budget systems are not linked to child rights or human rights-based approaches. This in itself is relevant because child strategies, policies and legislation may not be included in the budget law or financial regulations. This is very important depending on the coverage of the annual budget law, as UNICEF-supported child frameworks may not be included. Hence it is crucial for UNICEF staff to understand the legal framework and anticipate barriers and opportunities.

Budget preparation is a process with designated institutions and individuals having defined responsibilities that must be carried out within a given timetable (see Figure 2). This process is normally established and controlled by a legal and regulatory framework, including budget circulars and laws. While generally sharing broadly common procedures, budget preparation (and execution) systems depend on their historic origin (francophone, Latin American, (British) Commonwealth and transition economies).

Although the precise legal framework for central government budgeting varies from country to country, it is usually set out at several levels. The constitution, the budget law and financial regulations are *permanent* and form the legal framework for the annual budget law. The annual budget law includes the expenditure (and revenue) estimates for each year, and outlines how the budget is

To understand the budget preparation process in a given country, it is important to:

- 1. Know where to find the rules governing the budget preparation process and*
 - 2. Identify who has the responsibility for what elements of the budget preparation process*
-

³ This section draws heavily from: Potter and Diamond (1999) *Guidelines for Public Expenditure Management*, IMF: Washington, D.C., available at: <https://www.imf.org/external/pubs/ft/extend/index.htm>.

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prepared, approved, executed and audited. The annual budget law varies depending on the system.

- The **constitution** is the highest in the legal hierarchy. The constitution clarifies important aspects: (i) the relative powers of the executive and legislative branches with respect to public finance; and (ii) the definition of the financial relations between national and subnational levels of government.
- The **budget law** is usually the main vehicle for PFM. These laws may take the form of a single law that guides budget preparation, approval, execution, control and auditing (*loi organique relative au budget* in the francophone system and *ley de administración financiera* in the Latin American system), or there may be several general laws covering specific areas of PFM (e.g. under Commonwealth systems) that may also relate to subnational levels of government. The laws refer to organizational matters and systems, and do not usually require annual re-enactment. Moreover, they can often be modified only under certain conditions, such as qualified parliamentary majority.
- **Financial regulations:** The organic budget law also gives to the government, or the minister responsible for public finance, the authority to issue detailed regulations and instructions (for instance *décret portant règlement de la Comptabilité Publique* in the francophone system, and *decreto para la contabilidad pública* in the Latin American system). These are often quite detailed.

Case study 5. UNICEF Jordan: Changing the budget law for the benefit of children

In Jordan, the annual General Budget Department's Budget Circular includes guidance on child-friendly budgeting. The consistent working relationship between UNICEF and the MoF had led to changes in the General Budget Law in 2012. In 2014, six ministries implemented child-focused, results-based budget allocations. Such an achievement resulted from collaboration with the General Budget Department of the MoF and the National Council for Family Affairs. A legal basis doesn't guarantee quality investments, however, particularly given high staff turnover in ministries. Therefore, to develop institutional sustainable capacity, the CO provides training to budget officers in line ministries and staff in the MoF on a continuous basis.

In the francophone and Latin American systems, the coverage of the annual budget law is broad. It often contains the amount and details of expenditure, and some changes to spending. The Commonwealth system includes expenditure estimates, often divided into recurrent and development estimates. Typically, the presentation is detailed by institution and line item. By contrast, the annual budget in many transition (and planned) economies is often a summary: presenting budget estimates by major institution and by broad 'functions,' that is the sectors used in the previous central planning framework.

Box 3. Example of legal framework from Botswana

In Botswana, the budget process is outlined in the Finance and Audit Act as well as other laws and regulations. The legal framework outlines clear authority, procedures and timeframes for each phase of the budget cycle. For example, the legislature has authority over the approval of budget estimates and expenditure as well as oversight of the executive. The roles of different government institutions are also clearly defined: The Ministry of Finance and Development Planning is responsible for overall coordination and management of the budget process while the Auditor General has the authority to investigate and report on all public accounts.

5. Identifying Key Entry Points

The powers assigned to the legislative and executive branches of government—and who does what within the executive branch—define the responsibilities for preparing the budget. This information is crucial for UNICEF staff in order to influence changes to line ministry spending patterns.

Box 4. Key questions: Timing and power

- What is the budget timetable?
- How are budgeting powers distributed between executive and legislative branches?
 - Legislative power to propose spending
 - Power of amendment
 - One vote—global vote on spending
 - Executive powers to limit spending
- How are budgeting powers distributed within the executive?
 - Number of agencies involved: Who does what?
 - Agenda for setting budget negotiations: How is this determined?
 - Structure of negotiations: Who has veto power?

Of the questions listed above, the most important for UNICEF staff is ‘*What is the budget timetable?*’ Different phases of the budget have varying entry points to influence public spending on children. UNICEF COs must ensure policy advice and technical assistance to line ministries is at an appropriate time. The budget timetable will partially determine the extent to which the government (legislative, executive, line ministries) can make changes to the line ministry budgets and spending on children.

Further, countries vary in the extent to which the parliament can change the budget once it is submitted for their consideration. Some countries allow the composition of the expenditure plans to be changed but not the global total. Others allow parliament to suggest and approve new expenditure proposals (often poorly costed) thus entering the budget.

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Those preparing the budget in line ministries and the MoF can improve parliamentary understanding through discussions, since the budget is ultimately negotiated by the executive with the legislature. *Approval* of the budget is a key advocacy point for UNICEF COs to ensure child spending plans. However, for sustainable financing, it is important UNICEF work with line ministries and the MoF to ensure child spending is costed within the budget planning, preparation and legal frameworks rather than circumventing the budget cycle. Properly costed child interventions are more likely to be financially and institutionally sustainable and less likely to be ‘forgotten’ or dropped from budget submissions.

Donor PFM working groups and fora are powerful bodies to influence the budget. Although UNICEF COs may not have the PFM technical expertise, evidence-based advocacy combined with budget basics (from the triangle) can influence and win the support of the ‘PFM people.’ Perhaps most important is to attend PFM meetings as an observer at first, in order to understand the key challenges, and wait for UNICEF’s moment.

Case study 6. UNICEF Cambodia: PFM working groups - Finding the CO niche

The influence of the Cambodia CO to shape PFM discussions increased significantly as a result of a solid partnership with the MoF. Active participation in PFM working group gave UNICEF a louder—and more heard—voice to highlight the importance of investments in children. The CO used its expertise in building partnerships with NGOs to work with donors active in the PFM space, which include World Bank, Australian DFAT, SIDA and EU. The combination of greater access and stronger relationships with the MoF, combined with support from donors engaged in PFM, led to improved budget allocation and expenditure in education.

5.1. Responsibility for budget planning and preparation

The *Preparation* (or Formulation) stage of the budget is a key entry point for UNICEF COs. Preparation includes costing, allocating funds to different projects, and ensuring national plans and priorities are included in the budget. As noted above, plans, strategies and budgets are not automatically linked.

The responsibility for preparing the budget lies with the MoF with inputs from line ministries and spending agencies. This exercise is normally controlled by a central budget department located in the MoF, or sometimes in a separate budget ministry.

Central budget departments differ widely between countries. Some are only responsible for preparing the current budget, with the capital budget prepared by a planning or development ministry (or even by the prime minister’s or president’s office). Some budget departments are in charge of preparing the entire budget, although not involved in its implementation. Others have a say on expenditure allocations, and some are also in charge of monitoring budget execution. In order to influence expenditure allocations for children’s rights, *the precise responsibilities of the budget department in both the counterpart line ministry and in the MoF are crucial information.*

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Case study 7. UNICEF Belize: When a work plan snowballs into 'real' influence

In Belize, the CO agreed to a two-year rolling work plan with the MoF. This established a formal relationship between UNICEF and the MoF, which allowed the CO to highlight concerns about spending on children's outcomes. The rolling work plan also facilitated the participation of the MoF at a conference on investing in children in Peru; one thing led to another!

Following the conference, the MoF committed to conduct a child-focused public expenditure review, develop a methodology to monitor and report child-related social expenditure, and conduct capacity building for all ministries and agencies on planning, budgeting, monitoring and reporting expenditures for children. UNICEF is now financing an international consultant to support the ministries in implementing the initiatives, particularly building the skills of staff in ministries to plan and develop budgets.

5.2. Basic steps in budget preparation

In principle, the basic steps in a standard budget preparation system comprise the following:

1. Determine macroeconomic frame-work for the budget year (or the next two years), which is the 'global' level or total expenditure that can be afforded.
2. Allocate the total amount among line ministries.
3. Issue a budget circular, which instructs line ministries on how to prepare their budget and includes an indicative aggregate spending ceiling for each ministry; the budget circular also includes information on economic assumptions, such as wage levels, the exchange rate and price levels.
4. Line ministries submit their budgets and the MoF budget department reviews the costing of existing and new policy proposals.
5. Line ministries and MoF or Ministry of Planning negotiate.
6. The total budget, including the various line ministry submissions, are approved by the executive or cabinet and then sent to parliament.

Figure 2. Steps in budget preparation

t - Number of months before budget approved



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The principles above describe the basis in most MoF, but actual practices may differ. In many countries the budget department does not prepare a macro framework, nor indicative ceilings by line ministry before sending the budget circular. In such cases, the circular is an administrative mechanism that initiates the budget-making process and provides a timetable for budget submissions. That is, the budget circular provides estimates by line ministry without guidance on the preparation of their estimates or overall spending limits. As a result, ministries often add percentages to the previous year's budget to reflect an inflation projection in the circular when preparing their budget requests. This leads to unrealistic budgets as line ministries do not consider financial requirements by line item. Line ministries often overstate their needs, exerting upward pressure on overall spending, which often forces the MoF to 'cut' all budgets in order to reduce the 'total amounts.'

Box 5. Key questions: Preparation stage (before budget circular is issued)

- Is the budget based on an aggregate level of expenditure consistent with the macro framework—is it realistic and credible?
- Are there any fiscal rules in place?
- Budget circular: Does the budget circular to the line ministries provide adequate guidance on preparing budget estimates?
- Budget circular: Does it include a guideline or limit for each line ministry on total spending?
- Budget circular: How was the previous year's budget set?

The answers to these questions provide UNICEF staff with valuable information about budget preparation and inform their technical assistance or engagement with the line ministries or MoF.

Box 6. Key characteristics of the budget process

The expenditure budget is based on an objective macroeconomic assessment of available revenue and financing. Key characteristics are:

- *Annuality*: A budget is prepared every year, covering only one year, voted every year and executed over one year. While maintaining the core concept of annual authorization, many countries now develop the annual budget within a multi-year perspective through the preparation of medium-term revenue and expenditure frameworks.
- *Unity*: Revenue and expenditure are considered together to determine annual budget targets.
- *Universality*: All resources should be directed to a common pool or fund, to be allocated and used for expenditures according to the current priorities of the government. In general, earmarking of resources for specific purposes is discouraged.

These characteristics ensure that, in budget preparation, all policy proposals for undertaking government expenditure 'compete' for resources, and that priorities will be established across the whole range of government operations.

6. Multi-year Frameworks

The making of a public budget is both a technical process and a political arena in which negotiations are made by stakeholders who have different powers and capacity to influence. It is generally difficult to change budget priorities within the annual budget process, but multi-year frameworks provide greater room for re-prioritizing. Many countries have long-term, multi-year national plans or PRSPs, however these plans are not automatically linked to the budget cycle nor the annual budget outlined above. Linking multi-year national plans to annual work plans and budget allocations requires an approach to budgeting beyond the annual budget cycle: the MTEF.

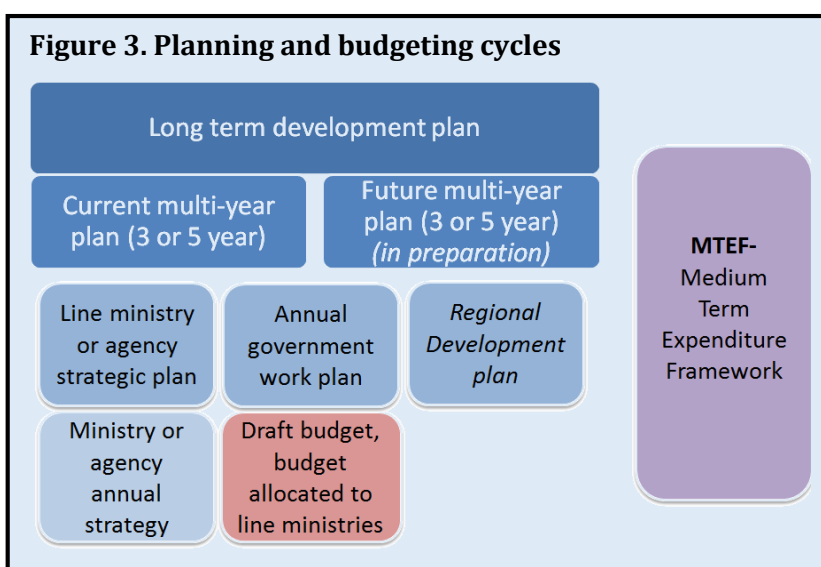
MTEF is a multi-year approach to budgeting, typically covering a three-year period. An MTEF links policy, planning and budgeting over the medium-term (3 years) at the government-wide level. In 2008, two-thirds of countries had some form of MTEF. Multi-year and forward looking planning improve predictability.

An MTEF has a top-down resource envelope and a bottom-up estimation of the current and medium-term costs of existing policies. This creates a positive effect on expenditure volatility, i.e. funding is more reliable.

MTEFs are ‘comprehensive’ in that budgets include estimated expenditure (and revenues) for the following year, as well as actual levels for the year or two prior. Actual expenditure provides an important benchmark for assessing budget proposals. Most countries prepare the annual budget within a multi-year perspective, and budget appropriations for one year at a time.

There are three types of MTEFs:

- Medium Term Fiscal Frameworks (MTFFs), which are based on resource envelopes;
- Medium Term Budget Frameworks (MTBFs); and
- Medium Term Performance Frameworks (MTPFs), where funding is linked to results (the most complicated approach).



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Some countries also have multi-year fiscal frameworks underpinning International Monetary Fund (IMF) programs.

Developing a medium-term perspective to budget making improves the realism of national plans and strategies. Increases and decreases in program funding can be staggered. Further line ministry MTEF submissions should reflect their medium-term plans. If a project is not included in the MTEF, it is unlikely to be included in the budget. MTEF bottom-up estimations should be based on costings for the needs and priorities in the sectors. Budget decisions should be driven by policy priorities, but policy choices need to be disciplined by resource and implementation realities over the medium term.

MTEFs are an important entry point for UNICEF: MTEFs ensure adequate linkages to instruments at the policy (e.g. strategic plans, child rights) and operational (budget) level. The only sustainable changes in expenditure plans are those based on changed expenditure policies. Through MTEFs, policies for the realisation of children's rights have a medium-term placeholder in the government's budgets. In addition, the clearer the links between the MTEF-medium-term strategy the more it will be discussed by the media and civil society, and thus more central to government thinking. UNICEF staff can "make what is included in the MTEF part of the debate and advocacy efforts."

UNICEF offices undertake evidence-based advocacy around the budget, however it often occurs after the annual budget is drafted, during the Approval and Execution stages, rather than during Preparation. Advocacy highlights insufficient funding for children's rights and that bigger changes are needed. Engaging in budget and MTEF preparation allows UNICEF staff to concretely influence the budgets submitted to the executive and legislative for approval, at a line item, activity or program level. UNICEF staff can still advocate after the budget is submitted.

Through engaging in the budget during the country's annual cycle, UNICEF staff:

- Work with partner line ministries on annual budget and MTEF formulation to link resources to child rights and ensure that sector policies and strategies are reflected;
- Ensure maximum extent of available resources are allocated to child rights in the annual budget; and
- Over the long run, ensure adequate public funds are allocated for child rights.

In addition, engaging in the budget cycle ensures findings from UNICEF research are included in partner line ministry budgets. The timing is crucial. UNICEF staff can also work with line ministries to scale up pilot projects, incorporating them into line ministry activities.

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Case study 8. UNICEF Armenia: Why it's important to get involved in an MTEF process even if a medium-term budget

In some countries, such as Armenia, if an initiative is not included in the MTEF, there is little chance the activity will be in the annual budget. In 2010, UNICEF commissioned two papers that focused on child related programs: "Overview of Armenia MTEF 2011-13" and "The Impact of the PFM System on Children in Armenia." The conclusions noted that the annual budget had lost importance through the shift to the MTEF process, which further had negative implications for financing child-focused initiatives and services.

In 2011, the poor quality of MTEF budget submissions from line ministries was raised at a donor meeting on PFM. In response, UNICEF began working with social sector line ministries to improve their MTEF submissions. This marked an important change in the CO's approach to PFM since it had only produced basic analyses after the budget was delivered and had never engaged in the budget process.

In 2012, UNICEF funded an introductory course on the MTEF for staff from social sector line ministries. Then in 2013, UNICEF organized on-the-job training for Ministry of Education staff and arranged for technical assistance from local PFM experts. The capacity building and technical expertise paid off, as the Ministry of Education developed the strongest budget submission among social sector line ministries that year. As a result, in 2014 three line ministries requested support from UNICEF for technical assistance with their budget submissions (Ministries of Education, Health and Labor and Social Affairs) and another in 2015 (Ministry of Territorial Administration). Over five years, UNICEF moved from doing budget advocacy with little influence on budget allocations to becoming a key partner of the MoF.

Engaging in the budget process has led to tangible results. A separate budget for nutrition awareness was approved in the MTEF request (2014-16) for the Ministry of Health, as supported by UNICEF. Further, UNICEF and the World Bank jointly supported the inclusion of integrated social services reform in the Ministry of Labor and Social Issues' MTEF request. Moreover, UNICEF partner ministries can now strongly 'justify their case' compared to other sectors. This prioritizes child spending programs.

Case study 9. UNICEF Mexico: A strategy to increase government spending on children

In Mexico, despite a strong conditional cash transfer program, there was no official data on how much the government spends on children. UNICEF Mexico decided to create a baseline in order to be able to monitor government spending. Working with civil society and academics, the CO estimated how much was being spent. The CO then discussed these findings with the MoF, exploring a partnership. In 2011, the CO convinced the MoF to include an earmark for children in the Federal Budget (as an annex table to the budget law). As a result, UNICEF now provides technical assistance to all ministries responsible for social spending. Most importantly, UNICEF explains both the rationale for the child spending earmark and the methodology to the ministries.

In 2012, following advocacy with parliament, the identification and measuring of child-focused spending in all budget exercises became law. Following the successful engagement in budget formulation with the MoF, social sector ministries and the parliament at the national level, the CO moved to replicate the achievements at subnational levels! Since 2013, UNICEF has been working with four state governments to include a child spending earmark in local budgets.

Box 7. *The budget process as a tool to fund children's rights*

The realization of children's rights may be inadequate due to limited funds, but the size of the total budget depends on revenues and borrowing, which is beyond the scope of UNICEF. In this case, UNICEF can influence the *composition* of the annual budget—that is the relative allocations to different ministries and sectors to implement child rights. This can be achieved through working with line ministries on their annual budget submissions, providing technical assistance to line ministries, and advocacy with the MoF and/or parliament on relative allocations.

Even when funds are allocated to specific programs, weak expenditure and program management can result in funds never reaching the intended beneficiaries. Poor budget execution can also reflect a ministry's inability to spend the allocated budget ('absorptive capacity') or poor disbursement (e.g. late, irregular, lumpy, unpredictability in the flow of budgeted resources or supplies to agencies responsible for service delivery). In many countries, weak budget systems are a significant constraint either through absorptive capacity issues, untimely disbursement or procurement leakages. Before expensive expenditure tracking surveys are undertaken, UNICEF COs should establish whether (i) sufficient funding was allocated and (ii) the allocated funds were actually disbursed. In many cases, line ministries do not spend the budget allocated to them, even if disbursed. Note that UNICEF staff can analyse line ministry disbursement and expenditure patterns by carrying out simple budget execution and disbursement analyses or simply talking to staff in the line ministry and MoF; a more expensive and timely approach is to carry out a Public Expenditure Tracking Survey (PETS).

7. Changes to Budget Submissions

This note has emphasised the importance of UNICEF working with line ministries on their budget submissions (or expenditure plans) to improve the quality of spending. This will often involve changing the composition of expenditure—through reductions in some expenditures. Here UNICEF staff need to be prudent as changes can be unsustainable in the long run. Short-run savings may have long-run costs—e.g. reducing capital expenditure or contracting maintenance expenditure or removing a government staff 'top up' to finance a program. These 'planned expenditure reductions' may fail (in that outturn expenditure will exceed the budget), and this creates spending in excess of appropriations.

Budgets 'should' capture objective estimates of the costs of stated and agreed expenditure policies on children. A fundamental problem is that changes in the budget are often proposed too late in the budget preparation process; last-minute changes tend to be ineffective. There are also a number of caveats that need to be kept in mind, which are described below.

Over-optimistic assumptions are often made on 'efficiency savings' particularly through reductions in the number of civil servants and cuts in equipment purchases, utility charges, or fuel bills. UNICEF staff should be wary of making these mistakes, in looking to increase spending on children's rights. UNICEF staff should work with ministry staff to find

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inefficiencies based on the previous year's outturns. Note that the number of civil servants and the wage bill are often fixed.

Box 8. Key questions on budget proposal changes

- Are the proposed expenditure policies soundly based?
- Do the proposals reflect existing established policy priorities published in medium term strategies of the government?
- Are the proposals likely to be rejected by parliament?
- Are the cost estimates for new proposals accurate?

There are no hard rules about how planned public expenditure can best be adjusted. However, experience suggests some guidelines for changes by (i) program and policy, (ii) individual ministry and (iii) economic category, as discussed below.

Changes to budget plans by policy or program are optimal. UNICEF should work with line ministries to identify the most and least efficient and effective expenditure policies and programs, and target expenditure changes accordingly. Country programs agreed with the IMF or World Bank may include commitments for increases in expenditure in some sectors, such as health and education, and reductions in unproductive expenditures. Outside such agreed areas, the MoF should assess the costs and benefits of alternative policy packages. This is an opportunity for UNICEF to improve the quality of existing spending and to highlight the lack of spending for government policies for children on a sectoral basis (e.g. early childhood development, child protection). However, the MoF may not consider new proposals due to time pressures. This is why *it is imperative that UNICEF engage early*. Changes also need to be integrated in an MTEF for sustainability.

Case study 10. UNICEF Moldova: New programs and changes to existing programs

In Moldova, the CO provided experts and advice to line ministries on programs for the most marginalized children. The capacity building gave the ministries the ability to 'prioritize expenditure' and successfully argue for program funding in budget negotiations with the MoF. As a result, the Inclusive Education Program was included in the medium-term budget for the Ministry of Education, and co-payments for visits to physicians (including children) were abolished by the Ministry of Health. Both are significant sustainable wins for children!

Changes in expenditure plans by an individual ministry can be helpful in supporting or expanding initiatives in areas such as health and education (at a ministry level). Reductions can be targeted elsewhere, e.g. from line ministries with poor expenditure control. However, there are *many* drawbacks.

UNICEF staff must be alert and wary of 'across-the-board' reductions by ministries, in response to a call for lower than planned expenditures. Although seemingly equitable, allowing each ministry to cut a fixed percentage from expenditure plans avoids

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consideration of priorities, and smaller programs can be significantly affected. Line ministries do not usually assess line items for ‘across-the-board’ cuts, instead reducing each program or activity or deleting an entire activity. This has uncertain economic and social impacts and potential damage to the efficient delivery of services. Line ministries may also apply imposed reductions to areas such as payments to utility companies, leading to arrears.

Changes in expenditure plans by economic category often occur if budgetary pressures emerge at a late stage in budget preparation. For example, all ministries are asked to reduce their wage bill by a fixed percentage, or the number of civil servants. Although proportionally equal across ministries, such changes do not prioritise between programs.

Just as UNICEF should focus on linking the budget and MTEF to existing policies to fulfil child rights, when engaging in the budget process, UNICEF should monitor that:

- Expenditure changes are in line with previously agreed decisions on policy priorities (this is especially important where there is room for additional spending);
- Ensure cost estimates for new expenditure proposals are realistic and accurate, for the year ahead *and* the medium term;
- Ensure new proposals can be implemented at the political level;
- Be *very* wary of the individual ministry approach, unless there is a pre-agreed policy or to address past expenditure control failures;
- Avoid ‘across-the-board’ cuts as inequitable; and
- If expenditure must be decreased quickly, identify and advocate for safeguarding essential expenditures by economic category (reductions should reflect any ongoing reforms—e.g. reducing the civil service headcount or improving the alignment of public and private sector wages).

Where possible UNICEF staff should engage early supporting line ministries and the MoF. UNICEF can improve the quality of expenditure analysis and associated budget submissions, through previously commissioned UNICEF research and analysis. For example, analysing the value and composition of public resources allocated for the implementation of children’s rights, assessing the efficiency and effectiveness of existing budget allocations, costing different policies and programs. Crucially UNICEF staff should focus on linking the legal and political frameworks with the budget framework and budget law to ensure public resources *can* be allocated to policies supporting vulnerable groups and the fulfilment of children’s rights.

8. Conclusion

This note has outlined the budget process and presented the importance of UNICEF's engagement in the budget process. A country's annual budget determines the allocation of funds for investments in children. To ensure adequate funding is approved, UNICEF should engage various stakeholders at different stages of the budget process.

All UNICEF social policy officers should be aware of the 'budget triangle.' UNICEF CO analyses must be linked to the country's policy and planning cycle in order to feed into next year's line ministry annual planning and proposed budget. Ideally, UNICEF country program cycle and activities should be linked as closely as possible with domestic cycles, including national development strategies and the annual budget process. Every country's cycle is different, and sub-national and national cycles may differ. The best policy advice will have little impact if not at an appropriate time in the budget cycle—*timing is critical!* As noted above, it is difficult to improve budgets during execution. Therefore, *know your budget cycle*. In particular, UNICEF staff should know when partner line ministries are preparing budget submissions and when submissions are due (both annual and MTEF).

The key to engaging in the budget is for UNICEF offices to leverage their sector knowledge and work with line ministries to include child policies in the annual budget. Further, staff should work with line ministries to link budget and MTEF to national and sector strategies (PRSP, 5 year, child rights plan, etc.). These two activities will have a significant impact in terms of influencing the funding allocated to realise children's rights, as well as raising awareness among ministry staff of the resources required. Better costing and budgeting makes an initiative less likely to be cut arbitrarily. Further, working with line ministries can leverage funds for UNICEF-supported programs.

Engaging in the budget process—particularly during Preparation and on MTEFs—should be seen as a proactive measure to prevent the consequences of a deprived childhood or adolescence. Combined with advocacy, UNICEF can increase the quality of spending and resource envelope for children. It is a medium-term process, however, where UNICEF will change the volume and composition of budget allocations to support child rights, as well as their efficiency and effectiveness, even if incremental or at the margin.

UNICEF staff often work with partner line ministries on strategies, policies and legislation. This note has outlined that staff must ensure child rights policies are allocated funds through working with partner line ministries on costing of programs and activities which inform the annual planning and budgeting cycle. It is far harder to 'add' funds later in the approval stages. UNICEF staff should also 'train' relevant parliamentary committees. Technical knowledge about budgets, combined with awareness of children's issues, are a powerful combination in developing financially sustainable programs.

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The case studies and examples describe the various engagements of UNICEF COs. Some COs arm themselves with budget analysis, engage at the highest levels and then advocate, while others work with partners in line ministries, slowly influencing the budget. Some COs engage at the decentralised levels building up, with others working from the central level down. All can be effective; a CO's strategy depends on its own strengths and country conditions.

Engaging in the budget is not always going to be a 'quick win.' Engaging, like advocacy, takes time, but the budget process is the system that will finance investments in children. Engaging not only gives UNICEF a voice among the financial decision makers and the ear of the spreadsheet makers, it also opens opportunities to support budget/MTEF submissions and increase the adequacy and sustainability of investments in children. In short, engaging in the budget process is neither a matter of 'if' nor a matter of 'when'—it is a matter for 'now.'

Annex. Key terms

Medium Term Expenditure Framework (MTEF)

An MTEF links policy, planning and budgeting over the medium-term (3 years) at the government-wide level. In 2008, two-thirds of countries had some form of MTEF. MTEFs improve predictability through multi-year and forward-looking planning. Therefore, MTEFs have a significant positive effect on total expenditure volatility. An MTEF consists of a top-down resource envelope and a bottom-up estimation of the current and medium-term costs of existing policies.

There are three types of MTEFs. These range from the simplest, Medium Term Fiscal Frameworks (MTFFs) (based on resource envelopes), to Medium Term Budget Frameworks (MTBFs), to Medium-term Performance Frameworks (MTPFs), which is where funding is linked to results (the most complicated approach).

Poverty Reduction Strategy Paper (PRSP)

Launched by the IMF and World Bank in 1999, a PRSP is a comprehensive national strategy for poverty reduction, focused on the outcomes needed to meet the Millennium Development Goals. A PRSP contains an assessment of poverty and describes the different sectoral policies a country will pursue over several years. In many ways, a PRSP is similar to a national development strategy or a five-year or other multi-year plan. In 2014, there were 127 full PRSPs and 59 preliminary or 'interim' PRSPs.

Many countries prepared a PRSP or Interim PRSP for HIPC debt relief, and PRSPs are now in place in a large share of low-income countries. The complexity of a PRSP depends on a country's initial conditions, including the degree of institutional and technical capacity to design and implement sectoral programs, and policies to tackle poverty.

Sector Wide Approach (SWAp)

Under a SWAp, donor funds contribute directly to a sector-specific umbrella and are tied to a defined sector policy under a government authority. The aim is to prevent fragmentation and duplication through multiple donor-funded and self-contained projects. Under a SWAp, external partners support the government program, including provision of all or a major share of funding for the sector. Over time, some SWAps use government procedures for implementation and the disbursement of funds. SWAps are not possible in all cases.