Executive Program in

Public Financial Management

John F. Kennedy School of Government
Harvard University

July 10 - 28 2006

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Objective: The overall objective of the program is to provide a basis for better understanding of core issues in public finance management as they relate to the functions of the legislative and executive budget managers.

Learning Outcomes: At the end of the course participants should be able to explain the key requirements of a good public finance system and be able to evaluate the various systems and practices they encounter during their normal duties.

Content
Public finance management is a large area for study, and a short course cannot cover all of it. This course focuses on the main public finance issues that participants will encounter, starting with a simplified study of the political economy and macroeconomic background to the budget in order to broaden understanding of the different approaches to the role of government, the fiscal deficit and associated issues.

A theme of the course is the tension between reform, which moves towards aggregate budgeting and longer term budget planning, and traditions of incremental budgeting which are hard to change. There many actors in a budgetary system – accountants, economists, sectoral managers, public sector workers, legislatures. Systems change requires understanding of all perspectives, and the course covers the basics of public sector accounting, the role of the legislature and, on a broader front, different approaches to the role of government.

Case studies are drawn from contemporary examples, many of them being work in progress, either in which the core resource persons are directly involved or peripherally. The studies are intended to give insights into practical questions facing governments as they try to improve their public finance management systems; and to provide a basis for participants to discuss and reflect on their own experiences. In addition, by studying the case materials in advance of the sessions participants will be able to raise issues that interest them in the context of the presentations.

The coverage of this program is extensive. There will be areas with which participants are not familiar, and which will not be fully dealt with in the sessions. It is hoped that enough stimulus is provided for participants to do their own research – in particular there is much material on the internet, including the OECD site which is perhaps the highest quality.

Methodology
The methodology of the course is designed so that the diverse levels of knowledge of public finance that are likely to be found in a typical group of course participants are taken into account. Those with limited knowledge should be able to gain core skills, while those with more familiarity with the basic issues will encounter aspects of public finance with which they may be less familiar.

The course is divided into modules and each module is built on units.
Each module will include some or all of the following:
- Powerpoint slides, mainly for reference and structure.
- Course notes / papers for selective sessions that summarize key issues and raise talking points that participants can pursue in their own researches and in the sessions if they wish. The course notes are not academic pieces but summaries of thoughts that arise from the literature and from experience. The notes need to be read and discussed in the small groups prior to the next day’s session.
- Selected readings from the literature on the subject. Each Module has a set of readings, and although participants may not be able to get through all the readings during the course, they can refer to them later. Those readings that are required for the sessions will be indicated in advance. The main course reader is the Asian Development Bank’s public expenditure manual, which provides lucid and comprehensive accounts of most aspects of public expenditure (less on revenue).
- Studies of contemporary cases of the subject matter. There are different types of cases. Some will require participants to read a few pages of material, and reading should be done before the session. Participants will discuss cases in small groups and in the complete group. Other cases are presented with powerpoint. All the cases are intended to highlight specified technical issues raised in the course materials, and to bring out certain issues that are not contained in the presentations.
- Discussion: participants will already have experience in many of the areas covered by the course, and the approach will emphasise sharing of experiences between participants in discussions.

These structure of the course can be considered in the context of the following frameworks:

**Framework 1: Framework of Public Financial Management**

<table>
<thead>
<tr>
<th>The Platforms of Public Financial Management</th>
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<tr>
<td><strong>Transaction</strong></td>
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<td>Budgets</td>
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<td>Accounts</td>
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<td>Cash Management</td>
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<td>Information Technology</td>
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<td><strong>Policy</strong></td>
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<tr>
<td>Macro Economic &amp; Fiscal Framework</td>
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<td>Budget Policy and Strategy</td>
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<td>Budget Planning</td>
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<td><strong>Legislative</strong></td>
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<td>Policy Development</td>
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<td>Appropriation</td>
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<td>Expenditure Evaluation</td>
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</table>
In the context of Framework 1 good public finance systems perform all three functions well. The most basic task is to get the *transaction platform* functioning efficiently as this provides effective control as well as information for management, planning and oversight. Budgets should be driven by a *policy framework* and not by *ad hoc* incrementalism. Accountability and contestability of budgets is provided by *legislative oversight*. The three functions overlap. For example, information from the transaction platform is needed to formulate budget strategies and programming as well as facilitates evaluation of expenditure.

Framework 2 illustrates the same set of interconnections, showing the potential impact of reform and change in public finance systems. Note the pivotal role of the Chart of Accounts, and how the structure of the budget influences and is influenced by all other parts of the system.

During the program each module and unit will be located in their positions in these frameworks, thereby helping participants to see how each fits into the whole, and to appreciate how the program is sequenced.
DAY 1 – Monday July 10

0900 – 1030, Monday July 10

Introduction
Key Themes
Outline of the programme
Introduction of participants
Introduction of faculty

**Module 1 - Political Economy and the Macroeconomics of the Budget**

**Objectives**

The purpose of this Module is to locate public finance management in the wider context of economics and growth. The module is divided into 7 units, which will last over 5 days.

**Learning Outcomes**

When participants have completed the Module and read the readings, they will be able to discuss in reasonably specific terms the macroeconomics of the budget and aggregate fiscal discipline (the deficit).

**Contents of the Module**

Unit 1 – Public Finance Management: definitions and frameworks
Unit 2 – The Budget Constraint
Unit 3 – Growth
Unit 4 – Role of the Government Sector
Unit 5 – Fiscal Policy and Financing
Unit 6 – Debt
Unit 7 - Globalization
Module 1 Unit 1 – Public Finance Management: Definitions and Frameworks

Objectives of the Unit
To define the meaning of public finance management, and to set out practical frameworks for the analysis of public finance systems.

Contents of the Unit
- What is public finance?
- Exercise and discussion on public money
- Frameworks we use to structure the program

_session reading_
- Course Note: “Understanding the Concept of Public Money.”

Reference Reading

Preparation for Tuesday
- Read Fischer and Easterly
Day 2 – Tuesday July 11

0900 – 1230 Tuesday July 11

Module 1 Unit 2 - The Budget Constraint

Objectives of the Unit
To give a basic idea of how budgets are structured and the algebraic conventions used for government expenditure; to introduce in more detail the definitions of the fiscal deficit; and to apply the analytical framework to tables of the operations of government.

Contents of the Unit
The ‘iceberg’ of public finance
Definitions of the deficit
The budget constraint

Exercise & Case Study
- reading a Table of Operations of Government

Session Reading
- Course Note 'Public Finance and the Role of Government'
Module 1 Unit 3 – Growth

Objectives of the Unit

To obtain an overview of the various factors that economists believe – based on either theory of statistical evidence – cause some countries to perform better than others, as measured by the rate of growth of GDP.

Contents of the Unit.

- Domestic factors from neoclassical growth theory (Solow): investment, education, and low population growth
- Total Factor Productivity: technical and managerial innovation
- Favorable environment for capitalism: evolution of social systems, economic freedom, political and economic stability, development of financial system, and macroeconomic stability
- Geography: tropics vs. temperate, size, convenience for trade, natural resources
- Convergence
- Openness
- The ‘natural resource curse’
- Case: East Asia’s success

Session Reading

Module 2 - How to look at a budget

Objectives
The objective of this Module is to analyse how budgets are structured and classified, and to introduce basic methods of budget analysis. The module consists of two units which will be covered over two days.

Learning Outcomes
After completing the Unit and its associated readings participants will be able to
- describe the principles of budget structure, classification and coding
- identify the main elements in a budget structure
- articulate the drivers of budget reform and the move from incremental ‘traditional’ systems to more outcome oriented systems

Contents of the Module
Unit 1 – Budget Structure and Classification
Unit 2 – Basics of Budget Analysis
Module 2 Unit 1 – Budget Structure and Classification

Objective of the Unit
To introduce the principles of budget structure and classification, international standards and approaches to design of classification systems; and the function and purpose of the Chart of Accounts.

Contents of the Unit
Principles of Classification
International guidelines and standards
Chart of Accounts

Case studies and exercises
• Exercise – analysis of COFOG
• Case Study – Design and Development of the Ethiopian Chart of Accounts

Course Reading
• Course Note: “How to Look at a Budget.”
• Richard Allen and Daniel Tommasi, Managing Public Expenditure: A Reference Book for Transition Countries, OECD, 2001, Chapter 4, pp. 121-142.

Reference Reading
DAY 4 – Thursday July 13

0900 – 1230 Thursday July 13

Module 2 Unit 2 – Basics of Budget Analysis

Objectives of the Unit
To introduce the main elements of analysis of budget structure and format, and the different ways of approaching budget analysis, using selected budgets as case studies.

Contents of the Unit
- Types of budget
- Comprehensiveness
- Discretion
- Accountability

Case studies
- Jamaica, Lebanon, Viet Nam, India, Ghana

Course Reading
- Course note: How to look at a budget

1400 – 1530 Thursday July 13

Module 1 Unit 4 – Role of Government

Objectives of the Unit
To consider the proper balance between the public and private sector, and to define some key concepts.

Contents of the Unit.
- Key concepts in public spending
- Proper role of the public sector: How big should it be?
- How are outlays financed: taxes, domestic borrowing, monetization, foreign borrowing
- Budget balance concepts.

Course Reading
Module 1 Unit 5 – Fiscal Policy and Financing

Objectives of the Unit

To survey models of how fiscal policy (government spending, taxation and borrowing) interacts with economic growth, the current account deficit, and political variables.

Contents of the Unit.

• Some important macro models
• Some political economy models

Course Reading

Module 3 Accounts and Financial Reporting

Objectives
The purpose of this Module is to review government accounting, reporting procedures, activity based costing and strategies of ‘appropriate practice’ for developing countries to evolve their accounting systems.

Learning Outcomes
After completing the Module and its associated readings participants will

- be knowledgeable of simple double entry bookkeeping operations and how expenditures are accounted
- explain the different bases of accounting (cash and accrual) and understand their applications
- familiarity with different kinds of government financial statements
- familiarized with international standards of accounting
- understand an ‘appropriate’ strategy of evolving accounting systems in developing countries from cash to full accrual basis

Contents of the Module
Unit 1 – Basics and Bases of Accounting
Unit 2 – Financial Reporting
DAY 5 – Friday July 14

0900 – 1030 Friday July 14

Module 3 Unit 1 – Basics and Bases of Accounting

Objective of the unit

This Unit locates accounting within PFM and outlines the basics and bases of accounting.

Contents of the unit

Accounting and PFM Reform

Accounting concepts

- Methods of book-keeping (single, double entry; debit / credit)
- Bases of accounting (cash, modified cash, modified accrual, accrual)
- The accounting process

Exercise, Discussion & Case Studies

- Treatment of accounting transactions from a cash, modified-accrual and full accrual basis.

Course Reading


Reference Reading

Module 3 Unit 2 Financial Reporting

Objective of the unit
The purpose of this Unit is to introduce government reporting and select standards of reporting.

Contents of the unit
- Different types of financial statements
- Standards of financial statements

Exercise, Discussion & Case Studies
- Statements of different countries

Course Reading

Reference Reading
- Australian Public Service, Beyond Bean Counting, Chap 6, pp 55 – 70.
1400 – 1530 Friday July 14

Module 1 Unit 6 – Debt

Objectives of the Unit
An overview of the trouble countries can get into by borrowing too much, specifically the case of crises in emerging markets

Contents of the Unit.
- Spreads in emerging markets and their determinants
- Debt crises: inflow stage, outflow stage, crisis stage
- Management of crises
- Debt dynamics

Course Reading

1600 – 1730 Friday July 14

Module 1 Unit 7 – Globalization

Objectives of the Unit
Overview of the increasing cross-border integration of markets through trade.

Contents of the Unit.
- How far has globalization gone
- The effects of trade openness on growth
- Effects of globalization on other objectives
- Global Governance

Course Reading

Reference Reading
Module 4 – Costs, Cost Drivers, and Cost / Price Based Budgeting

Objectives
The purpose of this Unit is to describe the principles and methods of costs and costing budgets, and to introduce price-based budgeting. The module is divided into two units.

Learning Outcomes
After completing the Unit and its associated readings participants will be able to
- explain the different types of cost and how they are used
- explain activity drivers and how output (price-based) costs are constructed
- calculate unit costs

Contents of the Module
Unit 1 – Principles of Costs and Costing
Unit 2 – Price Based Budgeting and Unit Costing
0930 – 1030 Monday July 17

Module 4 Unit 1 – Principles of Costs and Costing

Objectives of the Unit
To introduce types of cost and costing models

Contents of the Unit
Costs and policies – joining the dots

Cost analysis basics
- economic and financial costs
- fixed and variable costs
- direct and indirect (overhead) costs
- avoidable costs and the cost decision tree
- sunk costs
- transaction costs

Cost drivers
Cost and responsibility centres
Costing systems
- Cost-price-volume
- Activity based costing

Case studies
- Avoidable costs in New South Wales

Session Reading
Background Briefing Paper: Perspectives on Cost
Australian Public Service, Beyond Bean Counting, pp. 71-86.
Objectives of the Unit
To introduce price based budgeting & methods of constructing unit costs.

Contents of the Unit
- Price based budgeting
- How to develop unit costs
- Norm based budgeting

Casestudies
- Thailand education costing; Viet Nam norm based budgets, UK roads budget

Session Reading
Marc Robinson, ‘Output-Purchase Funding and Budgeting Systems in the Public Sector,’
Module 5 – Budget Execution

Objective
The purpose of this Unit is to introduce participants to the many components of budget implementation.

Learning Outcomes
After completing the Unit and its associated readings participants will be able to
- describe the stages of budget execution
- describe the main functions of budget management
- describe what is required for good cash management
- Different models of budget execution

Contents of the Module
Unit 1 – Budget Execution
Objective of the unit
Present the concepts of budget execution: management of the budget, disbursement, different approaches to the Treasury function.

Contents of the unit
- control of appropriation, commitments
- votes on account
- projections of cash requirements
- disbursements, control of disbursements on line item versus zero treasury balance (aggregate projection)
- procurement of goods and services
- payable management
- cash management & treasury function
- maintaining adjusted budgets
- commitment control internal audit
- agency period, closure of books

Session Reading
- S Schiavo-Campo and Tommasi D, Managing Government Expenditure, Asian Development Bank, Manila, Chaps 7, 8, 9
Module 6 – Financial Information Systems

Objectives
The purpose of this Module is to provide financial managers an understanding of the challenge of effectively managing financial information systems. The Module examines what are Integrated Financial Management Information Systems (IFMIS) and the issues that need to be considered in procurement and implementation.

Learning Outcomes
After completing the Module and its associated readings participants will be able to

- Understand the critical concepts for successfully managing a large scale systems implementation project
- Demystification of the technical jargon
- Understand what a core IFMIS should be and an appropriate implementation strategy
- Understand the tradeoffs of an evolutionary versus ‘big bang’ approach to IT reform
- Understand the tradeoffs of a custom versus off-the-shelf solution
- Awareness of the sources of risk and failure in IT projects

Contents of the Module
Unit 1 – Managing Information Technology
Unit 2 – Integrated Financial Management Information Systems
Unit 3 – IFMIS Case Studies
Objective of the unit
To provide frameworks for financial managers to better manage financial information systems and IT reforms. The Unit presents the principal risks and sources of underperformance of IT systems and how to mitigate risk.

Contents of the unit
Where do Systems Go Wrong
Planning and Managing an IT Project: before and after

Discussion & Case studies
- United States
- Poland

Session Reading
- Shane Harris, ‘Taming the IRS’, June 14, 2004.

Reference Reading
Module 6 Unit 2 Integrated Financial Management Information Systems (IFMIS)

Objectives of the unit
Understand what an IFMIS is and what needs to be considered in implementing these solutions.

Contents of the unit
What is an IFMIS
Issues in Procuring an IFMIS
Why is successful and sustainable implementation so rare?

➡️ Discussion & Case studies
- South Africa, Ethiopia
- Participants experience

📚 Session Reading
- Case Study: ‘South Africa National Treasury.’

📚 Reference Reading
Module 6 Unit 3 Case Study of a Financial Information System

Objectives of the unit

Present an in-depth study of an evolutionary strategy of financial information systems reform that is custom not off-the-shelf. Understand the trade-offs of a custom versus an off-the-shelf approach and the constraints faced in development and implementation.

Contents of the unit

Description of an FIS (IBEX)
Implementation strategy
Lessons for other country FIS development
Pros and Cons of bespoke versus commercial off-the-shelf systems

Discussion & Case studies

- Ethiopia
- Participants experience

Session Reading

Module 7 - Budget Planning and Implementation

Objectives
The purpose of this Module is to work through the budget process according to the Financial Calendar, and describe each element of the process.

Learning Outcomes
After completing the Module and its associated readings participants will be able to

- Understand the financial calendar
- explain in detail all the components of the budget process
- identify weaknesses in their own budget processes

Contents of the Module
Unit 1 – The financial calendar
Unit 2 – Planning the budget
Day 8 – Wednesday July 19

0900 – 1030 Wednesday July 19

Module 7 Unit 1 Financial Calendar

Objective of the unit
To set out the annual budget preparation process, and its relations to the planning phase of the calendar.

Contents of the unit
- The key phases in a financial calendar
- Appropriate timing and sequencing

Discussion & Case studies
- Ethiopia, Kenya
- Participants presentation of financial calendars

Session Reading
Module 7 Unit 2 Planning the budget

Objective of the unit
Introduce the various methods of planning the budget, including medium term plans and their relevance and practicality.

Contents of the unit
Relating plans to resources (reallocative budgeting)
Whole of government budgeting
Budget Planning (medium term frameworks, indicative plans)

Discussion & Case studies
- Ghana, Australia, UK
- participants

Session Reading
- S Schiavo-Campo and Tommasi D, Managing Government Expenditure, Asian Development Bank, Manila, Chapters 12, 13

Reference Reading
- OECD, A Longer Term Orientation to the Budget Process, October 2002.
Module 8 – Aggregate Budgeting and Performance

Objectives
The purpose of this Module is to analyse the options that are being explored around the world as alternatives to line item incrementalism, including the integration of performance into the budget, aggregation of budget lines and the use of formula systems.

Learning Outcomes
After completing the Unit and its associated readings participants will be able to
• explain the implications of different types of system on budget control
• describe the main issues that arise when moving away from ‘traditional’ systems to performance oriented systems
• identify the main problems of measurement and setting performance objectives of measurement and setting performance objectives

Contents of the Module
Unit 1 – Moving from external to internal control
Unit 2 – Performance measurement
Day 9 Thursday July 20

0900 – 1030 Thursday July 20

Module 8 Unit 1 Moving from External to Internal Control

Objective of the unit

To introduce the concepts of external and internal control, aggregation of budget lines and integration of performance into the budget system

Contents of the unit

Aggregate budgeting
- Moving from external to internal control
- Block grants

Types of performance related budget
- Programme budgeting

Integrating costs and performance: outcome / output budgeting

Discussion & Case studies
- Thailand’s ‘Seven Hurdles’

Case studies on Australia, Ethiopia, Thailand, France; participants’ presentations

Session Reading
Module 8 Unit 2 Performance Budgeting

**Objective of the unit**
To analyse key issues relating to performance measurement, and different ways in which performance is integrated into the budget system (need to work out a better distinction between these two units)

**Contents of the unit**
Types of performance measurement

**Discussion & Case studies**
- Critical appreciation of performance based block grant allocations to districts in the southern region of Ethiopia

**Session Reading**

**Reference Reading**
- Perrin B, *Implementing the Vision: Addressing Challenges to Results-Focused Management and Budgeting*, OECD.
Module 9 – Assessing Financial Systems

Objectives
The purpose of this Unit is to introduce the various frameworks and standards that are used to assess financial systems.

Learning Outcomes
After completing the Unit and its associated readings participants will be able to

• define what needs to be covered when assessing public finance systems
• explain fiscal transparency and accountability as the basis for good financial systems

Contents
Unit 1 – Guidelines
Day 10 Friday July 21

0900 – 1030 Friday July 21

Module 9 Unit 1 – Guidelines

Objective of the Unit
To set out the analytical framework of fiscal transparency

Content of the Unit
Review international guidelines for evaluating the design and performance of public financial systems.

discussion & Case studies
- PEFA criteria

Session Reading

Reference Readings
Module 10 – PFM Reform

Objectives
The purpose of this Module is to provide frameworks for understanding the strategy and sequencing of financial reform.

Learning Outcomes
After completing the Module participants will be able to:

- understand the ‘best practices’ of financial reform based in the literature
- be exposed to the ‘appropriate’ practices of select countries which have reformed or are currently in the process of a reform
- critically assess a strategy of financial reform

Contents
Unit 1 - Frameworks of PFM Reform
Unit 2 – Case Studies of PFM Reform
Day 10 Friday July 21

1100 – 1230 Friday July 21

Module 10 Unit 1 Frameworks of PFM Reform

Objective of the unit
To present the key frameworks of PFM reform.

Contents of the unit
- Frameworks of PFM reform

Session Reading

Reference Reading
Module 10 Unit 2 Case Studies of PFM Reform

Objective of the unit

The purpose of this Unit is to examine case studies of PFM reform particularly focused on budget and accounting reform

Contents of the unit

- Sequencing of budget reform
- Arguments for and against moving to full accrual accounting for developing countries
- Locate accounting reform within broader PFM reform and present an ‘appropriate’ strategy of driving modern budget reform (e.g. performance budgeting) with adequate accounting and financial information systems
- The case study of the Ethiopian accounting reform which introduced modified-cash accounting and double-entry bookkeeping is presented and analyzed.

Exercise, Discussion & Case Studies

- Case studies: Ethiopia, Thailand
  Case Study: ‘The Thai Budget Modernization—the Seven Hurdles.’
  The World Bank, ‘Thailand’s hurdle approach to budget reform,’

- Participants experiences

Session Reading


Reference Reading

Module 11 – Political Accountability and Legislative Oversight

Objectives
The purpose of this Unit is to define political accountability for public finance and explore the relation between legislatures and governments in respect of fiscal and economic policy and budget oversight.

Learning Outcomes
After completing the Unit and its associated readings participants will be able to

- develop and describe a financial calendar
- explain the functions of the legislature in accountability for public finances
- describe the legal basis of the budget and the essential components of budget law
- explain fiscal responsibility
- (explain the essential features of Supreme Audit Institutions)

Contents of the Module
Unit 1 – Legal Framework
Unit 2 – Legislative Oversight
Objective of the unit
To set out the legal framework of public finance.

Contents of the Unit
The legal framework of the budget
- Budget Laws
- Audit Laws
- Fiscal Responsibility
- Other legislation

Discussion & Case studies
- Budget Law in Uganda, Viet Nam

Readings

Other reading
Module 11 Unit 2 Legislative Oversight

Objectives of the unit
To set out all the requirements for legislatures to be accountable to electorates for the collection and use of public finances.

Contents
Main functions of the legislature in the budget process (the legislative budget process)

- Appropriation
- Requirements for effective oversight
- Interest and capacity
- Resources
- Information
- Procedures

Institutions (parliamentary committees)

Techniques of oversight
State Audit

Discussion & Case studies
- Appropriation in Australia, Ethiopia

Session Reading

Reference Reading
Module 12 – Decentralization

Objectives
The purpose of this module is to introduce the principles and practice of decentralization, with particular reference to financing decentralized governments.

Learning Outcomes
After completing the Unit and its associated readings participants will be able to
- Explain the different forms of decentralization
- Understand the basic structure of intergovernmental transfers and local revenue systems

Contents of the Module
Unit 1 – Principles and practice of decentralization
Unit 2 – Issues in financing local and regional governments
**Objectives of the unit**

To introduce the different rationales for, types of, and possible problems with decentralization

**Contents of the unit**

Rationales for decentralization
- Economic and administrative factors – service delivery, growth, equity
- Fiscal factors – budgetary pressure, fiscal effort
- Political concerns – exit, voice, and loyalty

Types of decentralization
- Deconcentration
- Delegation
- Devolution

Problems with decentralization
- Fiscal concerns – macroeconomic problems
- Equity and regional balance
- Capacity
- Corruption

**Discussion & Case studies**

- Everyone does everything? The Case of China
- Decentralization as conflict resolution? The Dayton Accord

**Session Reading**


**Reference Reading**

- World Bank Institute, *Decentralization Briefing Notes* (Washington, 1999), pp.2-8, 15-38
1400 – 1530 Tuesday July 25

Module 12 Unit 2 – Issues in Financing Local and Regional Governments

Objective of the unit

To set out basic approaches to designing and implementing a viable decentralized fiscal system.

Contents of the unit

Basic principles
  • Functions, then finance
  • Hard budget constraint

Assigning sub-national taxes
  • Why it matters
  • Criteria and instruments – choice matrix

Closing the gap(s) – intergovernmental fiscal transfers
  • Rationales for and types of transfers – choice matrix
  • Formula-based transfers – need, capacity, effort

Local government borrowing

Discussion & Case studies
  • Choosing local taxes – rural vs. metropolitan governments
  • Designing transfers in Colombia

Session Reading

Reference Reading
Module 13 – Revenue Policy Reform

Objectives

The purpose of this module is to introduce the basic factors affecting the framing of revenue policy and the management of tax reform.

Learning Outcomes

After completing this unit and its associated readings participants will be able to

- Describe the basic factors affecting tax policy choices
- Understand the key issues determing the success of major tax reforms

Contents of the Module

Unit 1 – Framing Revenue Policy
Unit 2 – Managing Tax Reform
**Day 13 Wednesday July 26**

**0900 – 1030, Thursday July 26**

**Module 13 Unit 1 – Framing Revenue Policy**

*Objective of the unit*

To introduce the basic factors influencing the level and structure of revenue systems and revenue forecasting

*Contents of the unit*

The range of revenue choices
- Charges, fees, and earnings
- Seignorage and debt
- Regulatory taxes
- General taxes

Fiscal architecture
- Demographic
- Economic
- Institutional

Revenue forecasting
- Objectives – normal, contingency, special
- Techniques – quantitative, qualitative
- Assessment – over or under?

**Discussion & Case studies**

- Starting from scratch: post-conflict rebuilding
- Setting targets – and missing them: experience in developed and developing countries

**Session Reading**


**Reference Reading**

Module 13 Unit 2 – Managing Tax Reform

Objective of the unit

To set out the key factors that experience suggests are essential to achieving success in tax reform efforts

Contents of the unit

Setting the goal
- Revenue…and more?
- Fitting the ‘architecture’
- The political setting

Designing the reform
- Big bang, or incremental
- The important, the difficult, and the complex
- Strategy and tactics

Selling reform
- Need for a champion
- Administration matters…a lot
- Assembling support and reducing opposition

Discussion & Case studies
- Thinking it through: Indonesia in 1980s
- Periodic incrementalism: Colombia
- China – step by step?

Session Reading

Reference Reading
Module 14 – Group Presentations

Objectives
Groups will select a country and present a particular feature of its reform and/or its overall reform strategy to illustrate and integrate concepts from the program. Off particular interest is the uniqueness of the country’s experience and its adherence or departure from ‘international best practice.’ What are the unique paths country’s are taking in reform.

Learning Outcomes
Participants will in their groups understand in detail a key PFM theme and from the other group presentations, will have a comparative understanding of other key PFM themes.

Contents of the Module
Unit 1 – Group Presentations
1600-1730 Wednesday July 26

Module 14 Unit 1 – Group presentations

Objective of the unit

Participants and their groups present a key theme in public financial management in a comparative empirical context.

Contents of the unit

Thirty minute group presentations.
Day 14 Thursday July 27

0900 – 1730, Thursday July 27

Module 14 Unit 1 – Group presentations

Objective of the unit

Participants and their groups present a key theme in public financial management in a comparative empirical context.

Contents of the unit

Thirty minute group presentations.
Module 15 – Program Conclusion

Objectives
To synthesize the country presentations by the groups and integrate further the concepts of the program. A principal objective is to highlight ‘appropriate’ practices that work and identify success factors. Present some concluding remarks on the content of the program and discuss with participants their thoughts on the program.

Learning Outcomes
Provide participants with a review of the key themes of the course and the practical applications as presented in case studies and group presentations.

Contents of the Module
Unit 1 – Lessons and Summary Observations
Day 15 Friday July 28

1030 – 1230 Friday July 28

Module 15 Unit 1 Lessons and Summary Observations

Objective of the unit

Presentation of the lessons from the course case studies and group presentations. Summary observations on reform of public financial management. Discussion with participants of the content of the course.

Contents of the unit

- Lessons of the Group Presentations
- Key themes during the course
- Participants views of the course