

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

November 10, 1988

SECRETARY'S CIRCULAR NO. 88/120

To: Members of the Executive Board
From: The Secretary
Subject: Report on the Seminar on Public Expenditure Management
(1988-XVII)

Attached for the information of the Executive Directors is a report on the seminar on public expenditure management conducted at Fund headquarters from August 29 to September 8, 1988.

Att: (1)

Other Distribution:
Department Heads



INTERNATIONAL MONETARY FUND

Fiscal Affairs Department and the IMF Institute

Report on the Seminar on Public Expenditure Management

(1988-XVII)

August 29-September 8, 1988

Introduction

In recognition of a need to provide assistance to member countries with Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) arrangements, and thus engaged in major structural adjustment, it was decided to conduct a seminar on public expenditure management issues at Fund headquarters from August 29 to September 8, 1988. The objective of this seminar, which was the first of its kind, was to afford the opportunity for senior officials (a) to review recent trends and issues in strategic expenditure management and (b) to discuss among each other their individual countries' experiences. The high degree of participation by the officials in the seminar discussions was aimed at enabling countries to evolve their own strategies for expenditure management reforms.

Participation

Twenty-three senior officials from the Finance Ministries with direct responsibilities in fiscal management accepted the Fund's invitation to participate in the seminar. All of them were involved in the design of reforms to remove rigidities from the expenditure management systems of their countries within the context of SAF programs with the Fund. Both the timing and length of the seminar were chosen keeping in mind possible constraints on participants' availability arising from the budget cycle. The seminar was conducted in English, Spanish, and French. Documentation and simultaneous interpretation was provided in all three languages.

The following 23 countries participated: Bangladesh, Bolivia, Burundi, Central African Republic, Chad, Dominica, The Gambia, Ghana, Guinea-Bissau, Haiti, Kenya, Lesotho, Madagascar, Malawi, Mauritania, Nepal, Niger, Senegal, Somalia, Sri Lanka, Tanzania, Togo, and Zaire. A list of the participants is given in Attachment I.

Organization

The seminar placed equal emphasis on discussions and case studies (the program is given in Attachment II). It was divided into the three modules described below. In addition, there were four general sessions: the seminar's opening address by the Fund Managing Director, an overview session on SAF programs by the Director of Exchange and Trade Relations

Department, a presentation on fiscal policy design for structural adjustment by the Director of Fiscal Affairs Department, and a session on the experience of the United States in dealing with fiscal issues.

Each of the technical sessions began with a brief presentation by the discussion leader, followed by comments from two discussants chosen from among the participants. The discussion was then opened to the whole group. Most of the sessions were conducted by the staff of the Budget and Expenditure Control Division of the Fiscal Affairs Department. One session was conducted by a guest speaker, the Executive Director of the U.S. National Economic Commission.

To facilitate in-depth, issue-oriented discussion, the participants were divided into three groups. Each group had an opportunity to present one case study and to be a discussant of another case. The background reading material for each session was presented in a reader-friendly manner--brief and selective, with prominent display of selected aspects. The main summary papers prepared specifically for this seminar and some additional selected readings were distributed to the participants. These are listed in Attachment III.

Module I dealt with expenditure trends and the relevance of policy, process, and result-oriented controls in devising an overall expenditure strategy. It included presentations on objectives and strategy of public expenditure management, expenditure planning, and expenditure controls. This was followed by a presentation of the first case study on budget formulation by one group of participants and its discussion by another group. *The discussions enabled the participants to distinguish between strategic and tactical controls and the operational implications and relevance of each type for their countries.*

Module II dealt with the institutional aspects of expenditure management: the experience with traditional controls, process factors, and approaches to decision making. It included two presentations on improving financial management, and on institutional realities and prospects. In addition, one group of participants made an analysis and presentation of Case 2, which concerned problems of budget implementation. The discussions of this module facilitated an examination of the relationship between input requirements to achieve certain outcomes and goals compatible with structural adjustment strategies, as well as the organizational implications of the proposed management reforms.

Module III discussed how comprehensive reform strategies and the needed organizational response can be successfully implemented. After a presentation on strategic controls, a group discussion was held on Case 3, covering details of the systems approach to fiscal management. The focus of the discussion was on the management of transition to the new approach.

During the closing session, the participants concluded that the seminar had been a valuable forum for comprehensive discussion of a difficult and complex subject with direct operational implications. The spectrum of problems of management of structural adjustment reforms in the public expenditure area is a wide one. Nonetheless, the seminar's focus on the most relevant issues enabled participants to gain valuable insights and experience in a short period of time. They suggested that such exchanges among high-level officials of countries with common experiences should be attempted more often. They regarded this seminar as a form of Fund technical assistance that is highly relevant to their countries.

Social activities

A welcome reception was given for the participants on August 29. The participants were invited to luncheons by the Managing Director, the Director of the Fiscal Affairs Department, and the Director of the IMF Institute, and to a concert at the Kennedy Center, a city tour, and a visit to Annapolis.

Fiscal Affairs Department and the IMF Institute
November 1988

1988-XVII
Seminar on Public Expenditure Management
August 29-September 8, 1988

List of Participants

Mr. M. Camdessus
Managing Director

Senior Officials of Member Countries

NAME	COUNTRY	POSITION AND AFFILIATION
1. ALI, Adam H.	Kenya	Financial Secretary to the Treasury Ministry of Finance
2. ALI, Ali Hassan	Somalia	Director General Ministry of Finance and Revenue
3. AMAR, Mohamed Ould	Mauritania	Directeur Budget et Dette Publique Ministère des Finances et Informatique
4. BARBOSA, Cesar L. Gomes	Guinea-Bissau	Director General da Contabilidade Pública e das Contribuicoes e Impostos Ministério das Finanças
5. CEESAY, Sarriang K. H.	The Gambia	Deputy Permanent Secretary Ministry of Finance and Trade
6. CHIWAULA, G. B.	Malawi	Accountant General Ministry of Finance
7. CORONADO, Jaime	Bolivia	Subsecretario de Presupuesto, Contabilidad y Control de Gestión Ministerio de Finanzas
8. CUMARANATUNGE, G.	Sri Lanka	Deputy Secretary Ministry of Finance and Planning
9. DOKOUNA, Emmanuel	Central African Republic	Secrétaire Général Ministère de l'Economie, des Finances, du Plan et de la Coopération Internationale

NAME	COUNTRY	POSITION AND AFFILIATION
10. FATAH, Mahouli	Chad	Directeur Adjoint du Budget Ministère des Finances et de l'Informatique
11. FREITAS, Tchotchovi (Mrs.)	Togo	Adjoint au Directeur de l'Economie Ministère de l'Economie et des Finances
12. KIBRIA, Gholam	Bangladesh	Secretary, Finance Division Ministry of Finance
13. LOUM, Mamadou Lamine	Senegal	Trésorier Général Ministère de l'Economie et des Finances
14. MBONGA MAGALU ENGWANDA	Zaire	Secrétaire Général Département des Finances
15. MOLLEL, Raphael O. S.	Tanzania	Deputy Principal Secretary to the Treasury Ministry of Finance
16. NDAHIBESHE, Egide	Burundi	Counseiller Technique au Cabinet du Ministre Ministère des Finances
17. OWUSU-AGYEI, Samuel	Ghana	Director of Budget and Economic Planning Ministry of Finance and Economic Planning
18. PARAISO, Abdoukarim	Niger	Secrétaire Général des Finances Ministère de l'Economie et des Finances
19. PRASAD, Shambhu Sharan	Nepal	Joint Secretary Program and Budget Division Ministry of Finance
20. RASETARINERA, Rodolphe	Madagascar	Directeur du Trésor Ministère des Finances et de l'Economie

<u>NAME</u>	<u>COUNTRY</u>	<u>POSITION AND AFFILIATION</u>
21. THOAHLANE, A. L.	Lesotho	Principal Secretary for Finance Ministry of Finance
22. VIALA, Fritz	Haiti	Conseiller Technique Ministère de l'Economie et des Finances
23. WILLIAMS, Gilbert	Dominica	Budget Controller Ministry of Finance

Guest Speaker

Mr. D. Mathieson
Executive Director
National Economic Commission
Washington, D.C.

Fund Staff

Fiscal Affairs Department

Mr. V. Tanzi
Director

Mrs. T. Ter-Minassian
Deputy Director

Mr. A. Premchand
Assistant Director

Budget and Expenditure Control Division

Mr. E. R. De Zoysa
Assistant Chief

Mr. A. L. Antonaya
Senior Economist

Mr. L. Garamfalvi
Senior Economist

Mr. A. Tazi
Senior Economist

Exchange and Trade Relations Department

Mr. L. A. Whittome
Counsellor and Director

IMF Institute

Mr. G. M. Teyssier
Director

Mr. A. Lanyi
Deputy Director

Mr. A. H. Whitfield
Assistant Director

Mrs. Z. Shatila
Chief, Social Unit

Mrs. A. Mitton
Chief, Library and Documents Unit

Ms. N. Wise
Acting Systems Administrator



Fiscal Affairs Department and IMF Institute

Seminar on Public Expenditure Management

August 29-September 8, 1988

Program

Monday, August 29

9:30 a.m.

Inauguration
Mr. M. Camdessus
Managing Director

10:00 a.m.

Welcoming Remarks
Mr. G. M. Teyssier
Director
IMF Institute

Mrs. T. Ter-Minassian
Deputy Director
Fiscal Affairs Department

11:00 a.m.

Organization of the Seminar
Mr. A. Premchand
Assistant Director
Fiscal Affairs Department

2:30 p.m.

Structural Adjustment:
An Overview 1/
Mr. L. A. Whittome
Counsellor and Director
Exchange and Trade Relations
Department

5:00 p.m.

WELCOME RECEPTION

Tuesday, August 30

9:30 a.m.

Objectives and Strategy of
Public Expenditure Management
Mr. A. Premchand

Discussants:
Mr. G. Kibria, Bangladesh
Mr. M. L. Loum, Senegal

1/ See leaflet "Helping the Poor" by Joslin Landell-Mills, distributed separately.

Tuesday, August 30

2:30 p.m.

Expenditure Planning
Mr. A. L. Antonaya
Senior Economist
Budget and Expenditure Control
Division
Fiscal Affairs Department

Discussants:
Mr. A. H. Ali, Kenya
Mr. Mbonga M. E., Zaire

Wednesday, August 31

9:30 a.m.

Expenditure Controls: Relevance
and Applicability
Mr. A. Tazi
Senior Economist
Budget and Expenditure Control
Division
Fiscal Affairs Department

Discussants:
Mr. J. Coronado, Bolivia
Mr. R. O. S. Mollé, Tanzania

2:30 p.m.

Case 1: Public Expenditure Budget
Group I Room 4-108
Group II Meeting Hall A
Group III Meeting Hall B

Thursday, September 1

9:30 a.m.

Improving Financial Management
Mr. H. R. De Zoysa
Assistant Chief
Budget and Expenditure Control
Division
Fiscal Affairs Department

Discussants:
Mr. S. Owusu-Agyei, Ghana
Mr. A. H. Ali, Somalia

2:30 p.m.

Discussion of Case 1
(Mr. A. Premchand)

Friday, September 2

9:30 a.m.

Institutional Realities and
Prospects 1/
Mr. D. Mathieson
Executive Director
National Economic Commission

Discussants:
Mr. C. Cumararatunge, Sri Lanka
Mr. F. Viala, Haiti

2:30 p.m.

Case 2: Implementing Budgets
Mr. A. Tazi

Group I Room 4-108
Group II Meeting Hall A
Group III Meeting Hall B

Saturday, September 3

10:00 a.m.

CITY TOUR

1:00 p.m.

LUNCHEON AT FOUR SEASONS HOTEL

Sunday, September 4

9:30 a.m.

VISIT TO ANNAPOLIS

Monday, September 5

HOLIDAY (LABOR DAY)

Tuesday, September 6

9:30 a.m.

Implementation of a Strategy of
Controls: A Systems Approach
Mr. L. Garamfalvi
Senior Economist
Budget and Expenditure Control
Division
Fiscal Affairs Department

Discussants:
Mr. G. Williams, Dominica
Mr. R. Rasetarinera, Madagascar

1:00 p.m.

FISCAL AFFAIRS DEPARTMENT
LUNCHEON

1/ See "Managing the Budget" by A. Premchand, distributed separately.



Tuesday, September 6

2:30 p.m.

Fiscal Aspects of Structural
Adjustment 1/

Mr. V. Tanzi
Director
Fiscal Affairs Department

3:45 p.m.

Discussion of Case 2
(Mr. A. Tazi)

7:00 p.m.

EVENING AT KENNEDY CENTER

Wednesday, September 7

9:30 a.m.

Case 3: Systems Approach to
Fiscal Management

Mr. L. Garamfalvi
Group I Room 4-108
Group II Meeting Hall A
Group III Meeting Hall B

2:30 p.m.

Discussion of Case 3
(Mr. L. Garamfalvi)

Thursday, September 8

9:30 a. m.

Review of Issues

11:00 a.m.

Closing Session

1:00 p.m.

FAREWELL LUNCHEON

1/ See document distributed separately, written by Mr. V. Tanzi.

INTERNATIONAL MONETARY FUND

Fiscal Affairs Department and the IMF Institute

Seminar on Public Expenditure Management

August 29-September 8, 1988

List of Documents

(Distributed in English, French, and Spanish)

I. Session Summaries

1. Organization of the Seminar, by A. Premchand
2. Objectives and Strategies of Public Expenditure Management, by A. Premchand
3. Expenditure Planning, by A. L. Antonaya
4. Expenditure Controls: Relevance and Applicability, by A. Tazi
5. Improving Financial Management, by Hema R. De Zoysa
6. Implementation of Strategy of Control: A Systems Approach, by A. Premchand and L. Garamfalvi

II. Exercises and Case Studies developed by the staff of the Budget and Expenditure Control Division, IMF Fiscal Affairs Department:

7. Budgeting Approaches - individual exercise
8. Public Expenditure Management Survey - Part I
9. Public Expenditure Management Survey - Part II
10. Case 1: Public Expenditure Budget - group exercise
11. Worksheet for Case 1
12. Case 2: Implementing Budgets - group exercise
13. Worksheet for Case 2
14. Case 3: Systems Approach to Fiscal Management - group exercise
15. Worksheet for Case 3

III. Selected Background Readings

Articles

- Huyser, Wipada S., "Improved Government Financial Management is Essential to Effective Fiscal Policies," IMF Survey, June 13, 1988.
- Landell-Mills, Joslin, "Helping the Poor: The IMF's New Facilities for Structural Adjustment," IMF leaflet, 1988.
- Premchand, A. "Managing the Budget," Finance and Development, September 1987.

Premchand, A., "Budgeting for Public Debt Service has Assumed a Vital Importance," IMF Survey, December 14, 1987.

Tanzi, Vito, "Growth, and Design of Stabilization Programs," edited by Ana Maria Martirena-Montel, in External Debt, Savings, and Growth in Latin America, 1987.

Tanzi, Vito, Mario Blejer, and Mario Teijeiro, "Inflation, and the Measurement of Fiscal Deficit," IMF Staff Papers, December 1987.

Fund Publications

Aspectos del Presupuesto Publico, 1980 (A. Premchand, and A. L. Antonaya).

Finance and Development, September 1988.

Fund-Supported Programs, Fiscal Policy, and Income Distribution, Occasional Paper No. 46, September 1986.

Government Financial Statistics Yearbook, 1987.

Government Budgeting and Expenditure Control: Theory and Practice, (A. Premchand).

IMF Survey, September 1988.

Le Budget et la Maitrise des Dépenses Publiques, 1984.

The Implications of Fund-Supported Adjustment Programs for Poverty, Experience in Selected Countries, Occasional Paper No. 58, May 1988.

