

June 11, 1987

SECRETARY'S CIRCULAR NO. 87/62

To: Members of the Executive Board

From: The Secretary

Subject: Report on the Seminar on Budgeting and Expenditure
Control in Spanish (1987-VII)

There is attached for the information of the Executive Directors a report on the seminar on budgeting and expenditure control, conducted in Spanish from April 20 through 30, 1987.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Fiscal Affairs Department and IMF Institute

Report on the Seminar on Budgeting and Expenditure
Control in Spanish (1987-VII)

April 20-30, 1987

Introduction

The Seminar on Budgeting and Expenditure Control (Spanish) was held at Fund headquarters from April 20-30, 1987. It was the first Seminar given in Spanish; two seminars were given in English in 1980 and 1982, and one in French in 1984. The objectives of the Seminar were (1) to promote a greater awareness of the role of budgeting and expenditure control mechanisms in a changing economic environment, (2) to foster discussions of Fund member countries' policies and practices in these areas, and (3) to identify the problem areas and to explore the training and technical assistance needs.

Participation

Twenty-two senior officials with responsibilities in the budgeting field in their own countries were invited to participate in this Seminar, keeping in mind possible budget cycle constraints on participants' availability, the need for further orientation in budgeting and expenditure control, and possible contributions by the participants to the Seminar. Although the Seminar was given in Spanish, participants from Portuguese-speaking countries, Israel, and the United States were also invited.

The following 22 countries accepted the invitation and participated in the Seminar: Argentina, Bolivia, Cape Verde, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Equatorial Guinea, Guatemala, Guinea-Bissau, Honduras, Israel, Mozambique, Paraguay, Peru, Portugal, Sao Tome and Principe, Spain, the United States, and Uruguay. Two observers from the World Bank attended some of the sessions. A list of the participants is shown in Attachment I.

Organization of the Seminar

The Seminar's 14 technical sessions were devoted, respectively, to fiscal policy parameters for budgeting; determinants of public expenditures; recurring themes in budget formulation; inflation and the measurement of fiscal deficits; financial planning and expenditure forecasting; political, institutional and operational issues of expenditure controls; issues in government lending; inflation budgeting; lessons to be learned by the developing countries from the budgetary experiences of industrialized democracies; budget execution and cash management; government accounting and financial information systems;

management of domestic and foreign debt; budgetary relationships between government and public enterprises; and financing of public enterprises. There were also four general sessions including the Seminar's opening remarks by the Deputy Managing Director, and a concluding evaluation session. Each of the technical sessions began with a brief presentation by the discussion leader (usually a staff member of the Fiscal Affairs Department), followed by comments from two discussants previously chosen from among the participants. After an appropriate response from the discussion leader, the discussion was then opened to the whole group. Most of the sessions were conducted by the staff of the Fiscal Affairs Department and the IMF Institute. Two sessions were conducted by guest speakers: a professor of public policy at the University of Maryland, and the President of the International Consortium on Government Financial Management.

To facilitate in-depth discussions, three volumes of documents were prepared by the Fiscal Affairs Department. Volume I contained issues to be discussed during the sessions, and was sent to the participants before the Seminar began. Volume II contained background material which was given to the participants upon their arrival in Washington. Volume III contained the participating countries' fiscal statistics extracted from the IMF Government Finance Statistics Yearbook. The participants were encouraged to bring documents or to submit papers on their country experiences. Seven such papers and documents were submitted. One guest speaker and two discussion leaders provided additional documents to the participants. All of these papers and documents are listed in Attachment II.

The Seminar sessions elicited a very active response and substantial contributions from the participants; most of the sessions had to be extended beyond their scheduled limits. Discussions focused mainly on the countries' experiences regarding the interaction between fiscal policies, institutions, and budgetary techniques and centered around four main elements: (1) strengthening public expenditure planning; (2) improving budgetary processes by removing structural constraints; (3) strengthening expenditure controls to ensure a better appraisal and a more efficient use of resources; and (4) reassessing the role of the public enterprises, their impact on the national economies, and their relationships with government. The participants felt that significant improvements in the information systems and in personnel training were necessary to strengthen expenditure planning. They also felt that budgetary processes would benefit from a reappraisal of the numerous legal and constitutional constraints that impair the efficient implementation of budgetary policies. The participants emphasized that expenditure controls should be oriented towards measuring the effectiveness and efficiency of public management. With regard to public enterprises, the participants felt that a reassessment of their role and objectives was required since their performance had weakened the public sector's financial position in several cases.

In the final session, the participants concluded that the Seminar had proved to be a very valuable forum for technical updating and for a fruitful exchange of views and, therefore, such Seminars should be arranged on a more regular basis. They stressed the need to publish the Seminar's documentation to reach the widest possible audience. They felt that the number of specialized training programs in budgetary and accounting matters should be increased to reach the member governments' operational officials.

Social Activities

A welcome reception was given for the participants on April 20. The participants were invited to luncheons by the Director of the Fiscal Affairs Department and the Deputy Director of the IMF Institute, and to a Kennedy Center concert and a city tour. A farewell luncheon was hosted by the Managing Director on April 30.

IMF Institute
June 1987

IMF INSTITUTE

1987-VII

Seminar on Budgeting and Expenditure Control in Spanish

April 20 - 30, 1987

List of Participants

NAME	COUNTRY	POSITION AND AFFILIATION
1. BARBOSA, César Luis Gomes	Guinea-Bissau	Director General of Public Accounting Ministry of Finance
2. BOLIVAR, Miguel Angel	Argentina	National Director of Budget Programming Undersecretariat for Budgeting Secretariat of Finance Ministry of Economy
3. BRAVO Castro de Vargas, Rosalía (Mrs.)	Costa Rica	Director General of the National Budget Directorate General of the Budget Ministry of Finance
4. CEPEDA Digard, José Wilson	Ecuador	Undersecretary of the Budget Secretariat of the Budget Ministry of Finance and Public Credit
5. COSTA ALEGRE, Estanislau Santiago Afonso	Sao Tomé and Príncipe	Senior Economist, Technical Office Financial Inspection Department Ministry of Finance
6. COUTINHO, Joao Manuel Benvindo	Mozambique	National Budget Director Ministry of Finance
7. DE LA CRUZ Corcoll, Rafael	Spain	Secretary General of Planning and Budget Ministry of Economy and Finance
8. DIAZ de Ramírez, Daisy (Mrs.)	Dominican Republic	Director Department of Planning and Budget Control Central Bank of the Dominican Republic
9. EBOHO Ayigene, Tomás	Equatorial Guinea	Director General Directorate General of the Budget Ministry of Finance

NAME	COUNTRY	POSITION AND AFFILIATION
10. FERNANDEZ, María Jesús Gamarra de (Mrs.)	Peru	Director General Directorate General of Public Budget Ministry of Economy and Finance
11. FONSECA, Luís Augusto Cabral Dias da	Cape Verde	Director General of Finance Ministry of Finance
12. GOLDMAN, Stephanie (Ms.)	United States	Budget Methods Specialist Office of Management and Budget
13. GONZALEZ Bolaños, Leonel Guillermo	Guatemala	Technical Director of the Budget Ministry of Public Finance
14. MARTINEZ Ortega, Fernando Marcelino	Paraguay	Chief, Budget Programming Division Directorate General of the Budget Ministry of Finance
15. MELENDEZ Flores, Luis Eduardo	El Salvador	Vice Minister Ministry of Finance
16. NAVARRO, Carlos	Bolivia	Budget Director Ministry of Finance
17. ORTEGA Andino, Rogelio	Honduras	Vice Minister Secretariat of Planning, Coordination and Budget
18. SELUME Zaror, Jorge	Chile	Budget Director Ministry of Finance
19. SERNA Valencia, Juan Guillermo	Colombia	Director General of the Budget Ministry of Finance and Public Credit
20. SHEER, Arie	Israel	Accountant General Ministry of Finance
21. SILVA, Antonio Manuel Barbosa da	Portugal	Deputy Director General Directorate General of Public Accounting Ministry of Finance
22. ZUNINI, Luis	Uruguay	Treasurer General National Treasury General Ministry of Economy and Finance
23. BUYCK, Beatrice (Ms.)	Observer	World Bank

Attachment II

FISCAL AFFAIRS DEPARTMENT AND IMF INSTITUTE

Seminar on Budgeting and Expenditure Control in Spanish (1987-VII)

April 20-30, 1987

List of Documents

I. Documents Included in Volume I

1. Purposes and Organization of the Seminar
2. Fiscal Policy Parameters for Budgeting
3. Issues in Budget Formulation: Determinants of Public Expenditure
4. Inflation and the Measurement of Fiscal Deficits
5. Financial Programming and Expenditure Forecasting
6. Expenditure Control: Political Institutional, and Operational Issues
7. Economic Issues in Government Lending Programs
8. What NICs and LDCs Should Learn from the Budgetary Experiences of Industrialized Democracies
9. Inflation Budgeting
10. Budget Execution and Cash Management
11. Government Accounting and Financial Information Systems
12. Management of Domestic and Foreign Debt
13. State and Public Enterprises: Budgetary Relationships
14. Financing of Public Enterprises

II. Documents Included in Volume II

1. Fiscal Policy
 - a. The Deficit Experience in Industrialized Countries
 - b. Fiscal Disequilibrium in Developing Countries
 - c. The Impact of Inflation on Fiscal Policy
2. Budgetary Deficits
 - a. A Note on the Concept of the Public Sector Deficit in Stabilization Analysis for High-Inflation Countries
 - b. Conventionally-Measured and Inflation-Adjusted Deficits as Indicators of the Stance of Fiscal Policy in Inflationary Periods
 - c. The Proper Measurement of the Public Sector Deficit and its Implications for Policy Evaluation and Design
 - d. The Concept of the Current Balance in Government Accounts
3. Budget Formulation
 - a. Purposes of Budget and Determinants of Public Expenditures
 - b. Functional Approach to Budgeting
 - c. Budget: Organizational Aspects
 - d. Restructuring Budgetary Systems in Developing Countries: The Relevance of the PPPB Systems
 - e. Earmarked Revenues
 - f. The Budget's Role in Planning
 - g. The Politics of Subtraction
4. Public Expenditure Programming and Management
 - a. Budgetary Issues in Government Lending
 - b. Credit Subsidies in Budgetary Lending

- c. Budgeting and Control of Expenditures
 - d. The Problem of Recurrent Costs in the Budgeting and Planning Process
 - e. Control of Government Expenditure: Some Institutional Considerations
5. Budgetary Reforms
- a. Budgetary Reforms in Developing Countries: Need for Renewal
 - b. Government Budgetary Reforms: An Overview
6. Budget Execution, Cash Management, and Government Accounting
- a. Financial Control in Developed and Developing Countries
 - b. Short-Term Adjustments in Public Expenditures
 - c. Public Expenditure Reduction in Developing Countries
 - d. Functional Systems in General Accounting
7. Public Debt
- a. National Answers to the External Debt Crisis
 - b. Public Debt and Fiscal Policy in Developing Countries
 - c. Government Borrowing
 - d. Institutional Structure for the Management of External Debt
8. Nonfinancial Public Enterprises
- a. Financing Public Enterprises
 - b. The Parastatal Sector in Colombia
 - c. An Approach to Parastatal Finance
 - d. The Role of Public Enterprises: An International Statistical Comparison
 - e. Management of State Enterprises

III. Bibliography

A Selected Bibliography on Budgeting and Expenditure Control

Prepared by the Fiscal Affairs Department (IMF, 1984)

IV. Documents and other related material prepared by the participants

1. Argentina: Fiscal Problems in Argentina
2. Cape Verde: Fiscal Problems in Cape Verde
3. Chile: The Role of Fiscal Policy in Chile's Economy
4. Colombia: The Public Sector Deficit: Assessment and Recommendations
5. Peru: The Peruvian Budget
6. Portugal: State Budget Formulation
7. United States: Management of the United States Government
(Executive Office of the President. Office of Management and Budget. Fiscal Year 1988)

V. Documents and other related material provided by discussion leaders

1. Integration of Accounting and Budgetary Systems
2. The USA and Canada Joint Study on Federal Government Reporting: Its Implications for Latin America
3. Establishment and Management of a Comprehensive Audit System
4. Amalgamating Central Bank and Fiscal Deficits
5. Central Government Total Expenditure and Net Lending as Percentage of GDP 1970-1985
6. Central Government Total Expenditure and Net Lending as Percentage of GDP. Percent of Increase 1972-1983

VI. Other Fund documents

- a. Annual Report 1986
- b. International Capital Markets, December 1986
- c. Occasional Paper No. 50: "Strengthening the International Monetary System: Exchange Rates, Surveillance, and Objective Indicators," Washington, D.C. 1987

- d. Occasional Paper No. 51: "The Role of the SDR in the International Monetary System," Washington, D.C. 1987
- e. World Economic and Financial Surveys: "Recent Experience with Multilateral Official Debt Rescheduling, February 1987
- f. World Economic Outlook, April 1987

