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Miyiga Dawlada
PUNTLAND EE SOMALIYA

PUNTLAND STATE OF SOMALIA
Ministry of Interior, Local Government and Rural Development

District Participatory Planning and Budgeting
Guide (DPP&BG)

District Annual Planning and Budgeting Training

Trainer Guide

December 2018





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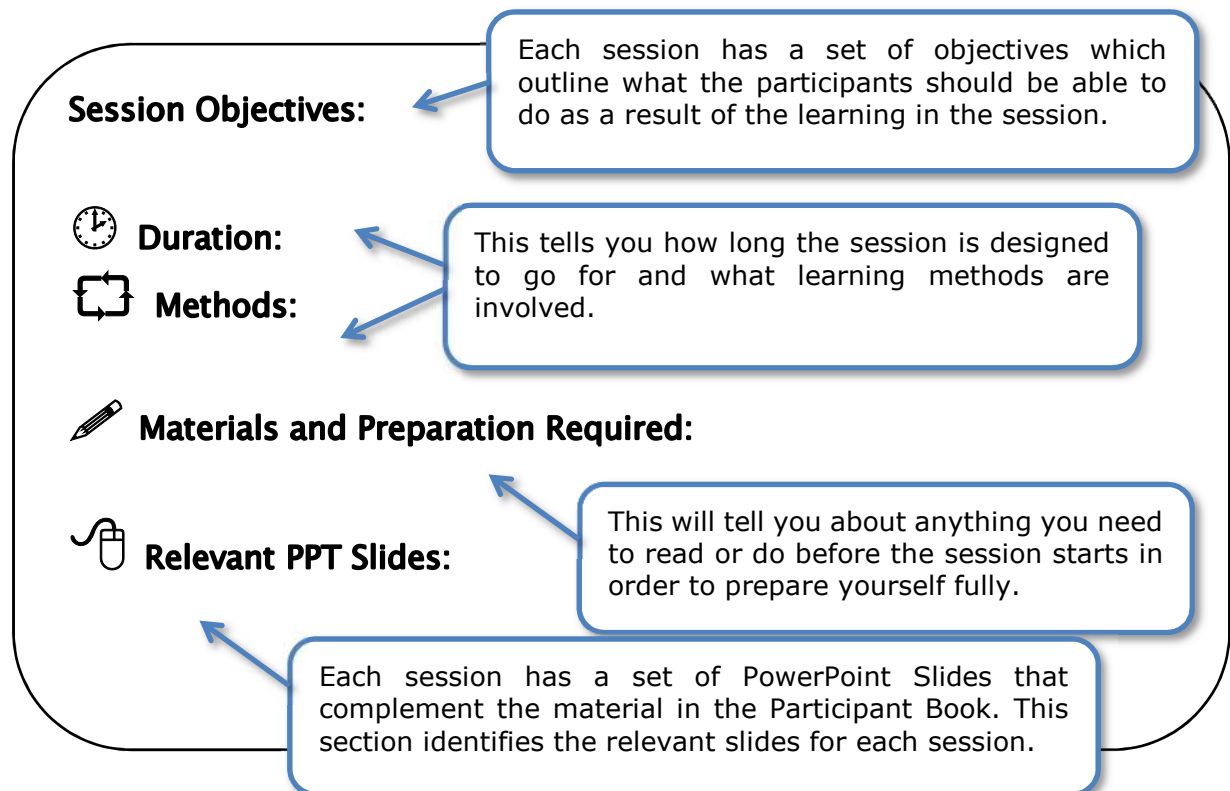
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Information for Trainers

This Trainer Guide is to assist you to deliver training in the new DPP&BG Annual Planning & Budgeting Training Module. It contains information and instructions which complement the information found in the Participant Book for the Annual Planning & Budgeting Training Module.

This Annual Planning & Budgeting Module is the second in a series of modules which form a core part of the curriculum in the Local Government 'District Participatory Planning and Budgeting Guide' (DPP&BG). Its purpose is to provide an overview and understanding of the district annual planning and budgeting process, for those who are involved.

How to use the Trainer Guide



Pre-Training Checklist

Activity	Suggested timing
Find out who the participants will be and the likely numbers.	2 weeks before
Decide on appropriate venue and make a booking.	2 weeks before
Organise paper copies of the relevant Participant Book – 1 A4 book per participant (in Somali).	2 weeks before
Make copies of the relevant Evaluation Questionnaire and Assessment Task (in Somali) – 1 per participant.	2 weeks before
Make catering arrangements (if needed).	2 weeks before
Read through the Trainer Guide and Participant Book to make sure you are familiar with both.	1 week before
Think about what equipment and materials you will need and organise these.	1 week before
Arrange a time and location for a pre-training meeting (or phone call) to take place before training starts, with Mayor and/or Executive Secretary, to discuss the training and the participant list.	1 week before
Finalise Participant List for the training	1 week before
Create participant attendance lists for signing each day of the training.	2 days before
Prepare training timetable for each day of the training and allocate training responsibilities among training team.	2 days before
Insert the district and government logos and participant details and timetable into the relevant PPT slides.	1 day before
Visit venue to set up furniture and test a/v equipment (if possible).	1 day before
Make sure you have all the training materials, photocopies and equipment ready for the training.	1 day before
Confirm catering (if needed).	1 day before

Indicative Equipment Checklist

Item	Comment
Laptop and projector	Good if presenting PPT slides and/or other audio visuals (e.g. video), also for input of information into a document as an alternative to a flip chart.
Extension leads and power boards	For laptop and projector.
PowerPoint slides on memory stick and on laptop	If using PPT slides, ensure you have a back-up copy on USB, as well as printed hard copies.
Camera/iPad to take photos of participants	Also, it is good to have someone designated to take photos during the training if possible.
Participant Book	One copy per participant (in Somali)
Trainer Guide	One copy per trainer
Other relevant resource documents	Hard copy or electronic copy
Evaluation Sheets	One copy per participant (in Somali)
Assessment Task	One copy per participant (in Somali)
Whiteboard and pens	In addition to or instead of flip charts
Flip Charts stands, paper and pens	In addition to or instead of whiteboard
Masking Tape	For sticking cards, sheets of paper to walls
Plenty of A4 paper	It may also be useful to set up a printer in the training room if possible.
Post it notes/stickers	For bookmarking important pages in the Participant Book and Trainer Guide
Name cards and/or badges or blank labels	For participants to identify themselves. Use A4 paper if cards are not available.
Notebooks and pens	For participants to take notes with.
Scissors, stapler and other misc. stationery items	You never know what you might need!
Video equipment, including power leads and connectors	If available, can be useful to record some sessions as a resource for others to use.

Module Overview and Timings

Module Time: 12 training hours

Delivered Over: 3 days (4 training hours per day)

Session	Indicative Timing	Content
Introductory Session: Getting Started	1 hour	<ul style="list-style-type: none"> • Pre-test Questions • Introductions and Icebreakers • Aims and Objectives
Session 1: Overview	1 hour	<ul style="list-style-type: none"> • DPP&BG Cycle • Planning & Budgeting Stakeholders • Steps in the Planning & Budgeting Process
Session 2: Steps 1-3	1.5 hours	<ul style="list-style-type: none"> • Awareness raising on the P&B process • DDF Review Workshop • DBFP Chs 1-3
Session 3: Steps 4-8	3 hours	<ul style="list-style-type: none"> • District Development Activities Forum • Forecast of Revenue and Expenditure • Prioritising Development Activities
Session 4: Step 9-12	3 hours	<ul style="list-style-type: none"> • Preparing draft budget and AWP • Review draft budget and AWP • Finalise draft budget and AWP
Session 5: Steps 13-15	1.5 hours	<ul style="list-style-type: none"> • Publicise budget and AWP • Finalise DBFP • Procurement Plans
Session 6: Conclusion	1 hour	<ul style="list-style-type: none"> • Module Summary • Next Steps • Assessment & Evaluation

Introduction Session: Getting Started

Session Objectives:

- Create a comfortable and encouraging learning environment.
- Provide an overview of the training, including aims and objectives.
- Understand participants' expectations of the training.
- Agree on ground rules for the training.



Duration: 1 hour



Methods: Discussion, icebreaker activity, pre-test assessment task



Materials and Preparation Required: Name tags for participants (or A4 paper to write their names), timetable, a copy of the Participant Book for each participant. Make a copy of the pre-test assessment and checklist for each participant.



Relevant PPT Slides:

- Slide 1: Title Slide

Welcome, Introduction and 'Housekeeping'

This can include the following:

- Prayer
- Welcome for any special guests and any introductory remarks.
- Background to the training if needed.
- Any 'housekeeping', for example, location of toilets, breaks or travel arrangements.
- Introductions of trainers and participants to each other (as well as any other resource/technical people present).

Aims and Objectives of the Training

Present the aims and objectives of the training in the Participant Book. Then, go through the training overview in the Participant Book, to outline what will be covered.

Explain some other important elements of the training including:

- Who the training is for.
- The assessment task to be done at the start and end of the training.
- Evaluation of the training at the end.
- Using the Participant Book — it should be referred to throughout the training and afterwards, back in the workplace.

Icebreaker Question

An icebreaker question has been provided as a way to get participants to know each other a bit better. You can use these or your own if you have.

Expectations and Ground Rules

1. Identifying participant expectations is an important part of understanding what people hope to achieve by attending training. It is useful to do this early on, in order to address any expectations that may be confused or unrealistic, and to ensure that everyone is clear about the purpose of the training and what participants should expect to achieve by the end of it.
2. Ask participants to work with the person they are sitting next to, and write down what they expect to gain from the training, as well as what they hope to be able to contribute to the training. Participants' expectations can be recorded on flip charts and then these flip charts can be posted up on the wall on the final day of training. As an exercise on the final day, participants can revisit their expectation from Day 1, to see how well it has been met, and indicate on the flip chart with a ✓ or a ✗ This exercise is also a good source of feedback for you as a trainer, to gauge how well the training has met participants' expectations.
3. It is also a good idea to identify 'ground rules' to guide the training, for example, no interrupting others when they are talking. Ask your participants for their ideas on ground rules for the training and make a list of these for all to see. Make sure that everyone agrees with the rules before continuing. Put this list somewhere visible for the duration of the training. These could include for example:
 - a. Taking part in activities and discussions.
 - b. Having mobile phones on silent and leaving the room if you need to take an important call.
 - c. Arrive on time each morning and after breaks.
4. The setting of ground rules is an important exercise for creating an environment of 'mutual respect', which includes:
 - Listening to other people's views, even if they are different from your own.
 - Not criticising other people's ideas just because you don't like them.
 - Giving everyone a chance to express themselves.

Assessment—Pre-test/Post-test questions

The module has a set of 'Pre-test' questions and self-assessment checklist, which is a useful way to gauge participants' knowledge and skills levels before the training commences, and then compare with the results from the 'Post-test' questions and self-assessment checklist at the end of the training, to gauge what participants has learned as a result of the training.

The 'Pre-test' and 'Post-test' questions can be found in the Assessment & Evaluation Guide for the Annual Planning & Budgeting Module. Allow about 10-15 minutes for participants to fill in the pre-test assessment and checklist. Then have a discussion in plenary on each of the questions. Participants can get an idea of how accurate their responses were.

Note that many of the answers to the questions will depend on the level of participants' existing knowledge about the subject matter to be covered. It is not necessarily to assess

'right or wrong' answers. As such, you can collect the pre-test response papers after the task, or just discuss in plenary. Explain that a lot of the topics from the pre-test task will be covered in detail as part of the training. The important thing is for participants to compare their self-assessment checklist at the end of the training, to see how well equipped they are in terms as a result of the training they have just completed.

Session 1: Overview of District Annual Planning and Budgeting

Session Objectives:

By the end of this session participants will be able to:

- Give an overview of the district annual planning and budgeting process, including identifying the main steps and the key stakeholders.
- Explain where the annual planning and budgeting process fits in the DPP&BG cycle.



Duration: 1 hour



Methods: Presentation, Questions for Discussion, Exercise 1



Relevant PPT Slides:

- Slide 2: DPP&BG Cycle
- Slide 3: DPP&BG Planning and Budgeting Calendar
- Slides 4-6: Steps in the Annual Planning & Budgeting process

Session Notes:

Planning and Budgeting Calendar and DPP&BG cycle

PowerPoint Slide 2 and **Diagram 2** show the overview diagram of the DPP&BG cycle. If participants have received training in the DPP&BG Overview Module, they should be familiar with this cycle. Or, it may be the first time they have seen this diagram. Point out that this training will be focusing on the blue section of the cycle, which deals with district planning and budgeting. Participants may have also already received some training on developing the DDF, which is a 5 year planning document to guide district planning priorities. This training will focus the annual planning and budgeting process, which outlines what districts need to do each year to produce a budget and annual work plans, which are based on the priorities outlined in the DDF.

PowerPoint Slide 3 and **Diagram 1** show the calendar for the district annual planning and budgeting process. It gives an indication when each of the 15 steps should take place. Point out that the Financial Year for districts runs from January to December, and the annual planning and budgeting process usually starts in July of each year, going through until December.

Planning and Budgeting Stakeholders

Table 1 relates to the stakeholders who are involved in the district annual planning and budgeting process. **Table 1** goes into more detail about the roles of the stakeholders during the process. Note that stakeholders involved are outlined within each specific step in the process as well. Ask participants to review Table 1 and have a discussion about the different stakeholders and their roles, as well as identify any stakeholders missing from the table, who should be there.



Questions for Discussion

Discuss the following questions in pairs and then discuss in plenary.

- Have a look at Table 1 above. Are there any stakeholders who are important for the planning and budgeting process, but are not included in the above table? If so, make a note of these stakeholders and what their roles in the process should be.
- **PowerPoint Slides 4-6** and **Diagram 3** show the steps in the annual planning and budgeting process, from Step 1-15. These steps will be explored one at a time in more detail in the training. It is useful to give a short presentation on these steps, to lead into Exercise 1 that follows.



Exercise 1: Matching Activities

Key learning points:

- The exercise aims to help participants internalise what they have just seen and heard about the district annual planning and budgeting process, by conducting a matching exercise between some of the activities and their descriptions.

Suggested timing:

Preparation:	5 mins
Time in pairs:	10 mins
Plenary discussion:	10 mins

Groups:

Participants can work in pairs for this short exercise.

Steps:

1. Ask participants to work in pairs and read the table with activities and descriptions.
2. Then, they should match each activity with the correct description.
3. Report back and find out what matches the participants made.

Answer Key:

1. D. / 5. B. / 4.A. / 2. C. / 1.E


Session 2: Planning & Budgeting Steps 1-3

Session Objectives:

By the end of this session participants will be able to:

- Carry out Steps 1-3 in the annual planning and budgeting process according to the process presented in the session.

 **Duration:** 1.5 hours

 **Methods:** Presentation, Questions for Discussion

 **Relevant PPT Slides:**

- Slide 7: Awareness Raising—Some communication tools
- Slide 8: Table of DDF Achievements
- Slide 9: DBFP Chapter 1
- Slide 10: DBFP Chapter 2
- Slide 11: DBFP Chapter 3

Session Notes:

Diagram 4 focuses on the first part of the process, which is Steps 1-3 and takes place in July and August according to the Planning and Budgeting Calendar.

Step 1: Community Awareness-Raising

Table 2. gives the key points that participants need to know about the awareness-raising on the annual planning and budgeting process. It is important to note that these activities can be done without having to organise public meetings. The information can be circulated by using public noticeboards, radio and sms. **PowerPoint Slide 7** illustrates some of the specific communication tools that can be used as part of awareness-raising activities.



Questions for Discussion

Discuss the following question in pairs and then discuss in plenary.

- What are some reasons why it is important to raise awareness in the community of the annual planning and budgeting process?
- What are some ways for your district local government to do this effectively?

Ask participants for their ideas on why it is important to raise awareness in the community at the beginning of the process. Explain that this is not the same as conducting a 'community consultation', it is more about general awareness-raising through information circulation in the media and social media. You can add to their responses with the information below.

The main objectives of the community awareness-raising are:

- For the wider community to know what the district Annual Planning and Budgeting Process is, and that there will be a process taking place in the coming months.
- For the wider community to understand how they can contribute to the Annual Planning and Budgeting process for example, through the review of the draft budget and annual workplans.
- For the community to know the proposed timeframe for the Annual Planning and Budgeting process, and who are those with the main responsibilities.
- For the community to know who they can ask if they have any questions about the Annual Planning and Budgeting process.

It is important highlight the lead role of the Department of Social Affairs in this process. This department is well placed to carry out the activities that are needed as part of the awareness-raising process. The other departments, particularly the Department of Planning and Department of Administration and Finance will need to support the Department of Social Affairs in this process.

Step 2. DDF Review Workshop

Table 3 gives the key points needed to understand the step of the DDF Review Workshop. Explain that the DDF Review workshop is an important part of the planning process, in that it gives an opportunity to revisit the DDF at the start of each annual planning and budgeting cycle, to see what has been achieved in the past 12 months, and to determine whether the priorities identified in the DDF are still relevant.

Note that this activity does not have to be organised as a big public event, it is intended to be largely an internal process. The district local government is of course welcome to invite representatives from the wider community to take part in the workshop if it wishes. However, the intention is that the information that comes out of the DDF Review Workshop, such as achievements over the past 12 months, will be presented to the public later in the year, in Step 11. Community Forum on draft Budget and Annual Work Plans. This will be a large public forum where the district invites comment on the draft Budget and Annual Work Plans for the coming year, as well as to present information on DDF achievements from the past year. So, the forum will be looking backwards and ahead. For example, the community forum organised for **October 2018** will present the draft Budget and Annual Work Plans for FY **2019**, as well as report on DDF achievements for the year **2017**.

Following Table 3 are some guidelines for the DDF Review Workshop, which the Department of Planning can use to prepare a report for presenting and discussing at the workshop.

Table 4 and Slide 8 show the format which should be used to prepare an overview of DDF achievements over the past 12 months. It is important to emphasise this activity, which has not been done in all districts each year in a formal way. By reviewing the DDF each year, the district can take stock of what it has achieved, what more it needs to do, as well as ensure that it is still on the right track in terms of its identified priorities.



Questions for Discussion

Discuss the following question in pairs and then discuss in plenary.

- Has your district local government ever conducted a DDF Review process?
 - If so, what happened and what were the outcomes?
 - If not, what is needed in order to carry out this activity in your district for the next round of planning and budgeting?

Step 3. District Budget Framework Paper

Table 5. gives some information about the District Budget Framework Paper (DBFP). Note that this activity is a new step in the Annual Planning and Budgeting process, and it is likely to be unfamiliar to participants. Explain that the purpose of the District Budget Framework Paper (DBFP) is to pull together information to guide budget development. The information prepared as part of Chs 1-3 of the DBFP can be used to guide later steps in the budget process, such as the Revenue Forecast. Following Table 5 is some additional information about 'What is the DBFP?' Something to note is that the DBFP gives information about the previous 2 years, to provide some context for budgeting for the next budget year and the following 3 where possible.

Table 6-8 and PowerPoint Slides 9-11 show the templates that should be used to prepare Chapters 1-3 of the DBFP, with filled examples.

Session 3: Planning & Budgeting Steps 4-8

Session Objectives:

By the end of this session participants will be able to:

- Carry out Steps 4-8 in the annual planning and budgeting process according to the process presented in the session.



Duration: 3 hours



Methods: Presentation, Questions for Discussion



Relevant PPT Slides:

- Slide 12: Table of Overview of District Development Activities
- Slide 13: Summary of O&M cost categories
- Slide 14: What happens at the Budget Conference?
- Slides 15-16: Format for Public Expenditure Review
- Slide 17: District Revenue Sources
- Slide 18: Preparing the Revenue Forecast
- Slide 19: Preparing the Expenditure Forecast
- Slide 20: Prioritising Development Activities

Session Notes:

Diagram 5 focuses on the next part of the process, which is Steps 4-8 and takes place in September according to the Planning and Budgeting Calendar.

Step 4. District Development Activities Forum

The purpose of this step is to see what is being implemented in the district, who is funding the different activities and where the gaps are in terms of both service delivery and funding sources. It can be an important coordination for the district, in terms of what development activities are being carried out, or proposed for the coming year. Part of this process is for sectors to put forward proposed projects for the coming year, based on the priority areas and objectives defined in the DDF. It is also a very important step in terms of the leadership of the District having a clear idea of what activities are taking place in the district, and what are being proposed, particularly by Non-State Actors such as NGOs and other development partners.

Table 9. outlines the key points on the District Development Activities forum. This activity has not been formally carried out by all districts each year. However, it is important for districts to bring together all the different stakeholders at the start of the planning and budgeting cycle, in order to get an idea of what activities are currently underway in the district, as well as what activities are planning for the coming year, and projecting ahead to the next 2 if possible.

In this way, the district can ensure that the planning is coordinated and there is no overlap or replication of any new proposed activities as has happened in the past, for example, that new schools are not built next to each other. It will be very important for the Mayor to take an active role in facilitating this forum, as well as to have a broad range of the 'actors' who are present in the district, for example, NGOs, UN agencies, and other development partners. The information that is gathered from this forum can be collated and presented in one table, which is outlined in **Table 10. and PowerPoint Slide 12.**

Operations and Maintenance

One important aspect of this forum is the need to emphasise the Operations and Maintenance costs of any new proposed activities in the district. In the past there have been problems where new infrastructure has been built (for example, a new health clinic), but the clinic has not been made operational, because there has been no agreement on, or budgeting for, the operations and maintenance costs of the health clinic following completion. Even though Operations and Maintenance considerations come in later in the process, as part of the project appraisal, it is important that they are considered early in the process, so that time is not wasted appraising projects which have no means by which to fund the Operations and Maintenance costs.

Table 11 gives a template for an Operations and Maintenance plan, which outlines the different costs involved and should be prepared for each new proposed activity, so that the operations and maintenance costs are estimated for three years after the project has been completed. **PowerPoint Slide 13** outlines some of the main cost categories for Operations and Maintenance that need to be budgeted for.

Step 5. Budget Circular and Budget Conference

Table 12. and Slide 14 shows the key points about the Budget Circular and Budget Conference, followed by some bullet points outlining what takes place at the Budget Conference, as well as an example with some questions for discussion. Participants should review the example table of Abyan District and discuss the following questions:



Questions for Discussion

What factors do you think could influence the amount that Abyan District will receive from:

- a) Central government for its current budget over the next 3 years?
- b) Central government for its capital budget over the next 3 years?
- c) External funding sources (e.g. donors) over the next 3 years?

Possible responses:

- a) Central government for its recurrent budget over the next 3 years?
- *An expected increase in government revenues as a result of on-going expansion of export activities.*
 - *The central government may also expect to improve its revenue collection process, which would increase the amount that it receives and can distribute to districts.*
- b) What factors could influence the amount that Abyan District will receive from central government for its capital/development budget over the next 3 years?
- *Note that the amount to be given as government grants is only expected to increase very minimally over the next 3 years.*
 - *This may be because the government is not sure of how much it can afford to give to districts as grants in the coming years, so it is giving a conservative estimate, based on a small % increase.*
- c) What factors could influence the amount that Abyan District will receive from external funding sources over the next 3 years?
- *Note that the amount from external sources is expected to reduce over the next 3 years. This could be a result of the current global geopolitical situation where some foreign countries are reducing their development assistance.*
 - *Another factor could be that external funding sources are planning to concentrate their efforts in other districts, perhaps for reasons of fairness, or there could be a greater need in other districts.*

Step 6. Public Expenditure Review

This step can draw on information from the DBFP Chs 1-3, and the information that comes out of the Public Expenditure Review will be useful for the next step, which is the Forecast of Revenue and Expenditure.

Table 13. give an overview of the key points about the Public Expenditure Review. This step simply allows a district to have closer analysis on their revenue and expenditure from the past year, which can guide their budgeting for the following year. Note that this step was included in the previous version of the PEM, but it may not have been widely adopted. It will be important to explain how this step can be useful to other steps, such as Step 7 Forecast of Revenue and Expenditure. It is also important to highlight that this is an internal process, within the district local government, largely carried out by the Department of Administration and Finance.

Slides 15-16 give some clear guidance on how to prepare the report of the Public Expenditure Review (called the 'Expenditure Performance Analysis' Report) and what should be included. There is a set of simple questions to guide those who are tasked with preparing the report.

You can present and discuss the following additional information with participants.

- Public Expenditure Reviews (PERs) are analyses of the allocation and management of government expenditure. They may cover all government expenditure or focus on one sector.

- Insights gained in PERs can inform strategic planning and budget preparation to identify ways to improve strategic allocation and value for money. For example:

Possible causes for revenue under-performance

Could include one or more of the below factors:

- (a) Over-optimistic projections.
- (b) Economic down turns during the year.
- (c) Under collections due to capacity challenges such as:
 - 1) Untrained or poorly trained staff.
 - 2) Inadequate collection systems and protocols e.g. poor monitoring.
 - 3) Theft and corruption.
- (d) Microeconomic causes such as exit of industries from the district, or labour unrest leading to lost productivity.
- (e) Central government economic policy or decision making. Central government underspending can lead to depressed aggregate demand, leading to a down turn in the district economy.

Possible causes for expenditure under-performance

Could include one or more of the below factors:

- (a) Low absorption capacity of district departments due to:
 - 1) Slow procurement processes
 - 2) Excessive bureaucracy (government red tape)
 - 3) Inadequate staffing both in quantity and quality
 - 4) Inadequate management and supervision of programmes and projects.
- (b) Government policy shifts during the year such as recruitment freezes.
- (c) Over-ambitious expenditure estimates.

Questions for Discussion

The conclusions from the District PER will be relevant for discussions on the costing and prioritisation of development projects, as the lessons learned from the previous year's budget expenditure can feed into the development of the next year's budget.

Discuss in pairs and then in plenary:

- What do you see as a possible benefit of conducting a PER as part of your district's next budget development process?
- What do you think the results of your District's PER would indicate, if one had been carried out for the previous financial year, what might have been some possible conclusions and recommendations?

Step 7. Forecast of Revenue and Expenditure

Table 14 gives the key points about the Forecast of Revenue and Expenditure. It is also important to explain that there is a separate training module devoted to district Own Source Revenue, and how these revenue sources can be mobilised. While this training in district Annual Planning and Budgeting shows the process, the LRMI training can give further specific guidance on how district local governments can maximise the local revenue sources that are available to them.

Diagram 6 and **PowerPoint Slide 17** outline what these revenue sources are. It is important to point out that some districts will have been recipients of the Local Development Fund (LDF), which can be viewed as a source of revenue that falls under transfers from the Central government. There is also a separate training module on the LDF.

Diagram 7 and **PowerPoint Slide 18** show the detailed steps in how to prepare the Revenue Forecast, followed by some questions to consider in preparing an accurate revenue forecast. Review the table and then have a discussion with participants using the following Questions for Discussion.



Questions for Discussion

- What issues do you think your district might face when trying to develop realistic revenue forecasts – in particular for beyond the coming year?
- What action could your district take to address these issues?
- Which aspects of your district's revenue collection are the most developed? Which areas could be improved?
- What strategies could your district put in place to improve the collection of district own revenue?

Example Answers:

1. Challenges in developing realistic revenue forecasts:

- lack of understanding
- insufficient funding
- reluctant to be approved.

2. Most developed areas:

- Livestock transportation
- Land value
- Commercial

3. Strategies to improve:

- Training for budget committee

- Allocating budget
- Council capacity building

This is followed by a template for preparing the Revenue Forecast. Point out that when forecasting revenue, the years X+2 and X+3 are indicative only, as some districts may be concerned that these will be seen as hard figures for which they will be held accountable. Explain that forecasting over 3 years will aim to help them plan, particularly for projects and activities that span across more than 1 year. These indicative figures will be adjusted each year, and may go up or down from what was estimated. However, they are an important part of planning and budgeting over the medium term.

Slide 19 and Diagram 8 show the detailed steps in how to prepare the Expenditure Forecast. The template for the expenditure forecast is provided later, in Step 9, Budget Estimates.

Step 8. Prioritising Development Activities

When presenting, it is important to make the link between this step and Step 4. Forum on District Development Activities. At the forum in Step 4, all current and proposed district activities are outlined and information about them is captured. Ongoing activities will be reflected in the district budget as existing expenditure commitments. However, there is likely to be scope for new activities to be included in the budget, and this is where the Table of District Development Activities shown back in **Table 10** is important. It is from this table that new proposed activities will be reviewed and prioritised, to see what can be included in the budget.

Table 15 outlines the key points about the process of prioritising development activities. It is important to note that once a new activity has been selected, a project appraisal should be carried out before this activity can be included in the budget estimates. This would need to be done quite quickly, so that there is time to assess the project prior to the preparation of the budget estimates in October.

Diagram 9 and **PowerPoint Slide 20** outline the detailed steps in conducting this prioritisation process. In terms of how many new projects or activities can be selected, this will depend to a large extent on the Revenue and Expenditure Forecasts that are prepared as part of Step 7. These forecasts, if accurate, should give a clear indication on what funds are available for any new activities. This is followed by a Checklist for prioritising new activities for inclusion in the budget, which can help guide a district when deciding what to select.

What is a project appraisal/feasibility study?

The text box gives some detailed information about the project appraisal process, which is important to emphasise as part of this step. Note the distinction between project appraisals and feasibility studies. Feasibility studies are only carried out for larger, more complex and costly projects. Otherwise, a project appraisal process should suffice. There is also an example project appraisal form, for a works project, to give an idea of what is included as part of a project appraisal.

An example is also given from Abyan District, to illustrate what can happen if a project appraisal is not carried out prior to including an activity in the budget, in this case, a health centre that was built but not operationalised. The example links in with the need for Operations and Maintenance Plans, which was highlighted in Step 4. Forum on Development Activities. Ask participants to read the example and discuss, using the following questions for discussion:



Questions for Discussion

Read the above example and then discuss:

- Can you identify what Abyan District should have done prior to implementing this project, to ensure they did not encounter the problems described in the story?

Session 4: Planning & Budgeting Steps 9-12

Session Objectives:

By the end of this session participants will be able to:

- Carry out Steps 9-12 in the annual planning and budgeting process according to the process presented in the session.



Duration: 3 hours



Methods: Presentation, Questions for Discussion



Relevant PPT Slides:

- Slide 21: District Budgeting Principles
- Slide 22: Structure of the District Budget
- Slide 23: Drafting and compiling the district budget
- Slide 24: Revenue Forecast Form
- Slide 25: Expenditure Budget Estimation Form
- Slide 26: Revenue Budget Form
- Slides 27-28: Recurrent Budget Examples
- Slides 29-30: Capital/Development Budget Examples
- Slide 31: Local Government questions on the budget
- Slide 32: Community questions on the budget
- Slide 33: Steps in approval of budget and work plans

Session Notes:

Diagram 10 focuses on the next part of the process, which is Steps 9-12 and takes place in October-November according to the Planning and Budgeting Calendar.

Steps 9. & 10. Preparing draft budget and annual work plans

Note that for this step it will be important to have a copy of the District Councils Budgeting and Accounting Regulations: Operational Manual, Annex 1.1 to 1.4, to be able to demonstrate and provide the full formats needed to produce the district budget. The handouts provided in these training materials serve as samples and examples only.

In this step, all of the information that has been prepared so far in the process comes together as one budget document.

Table 16 gives the key points on compiling the draft budget. Before getting into the detailed process of budget development it is useful to reflect on some of the principles that underpin the budget process, and some of the reasons why it is important for the district local government to have a budget.

PowerPoint Slide 21 and the **text box in the Participant Book** outline some principles of budgeting, which can be accompanied by the questions for discussion below.



Questions for Discussion

Read the questions and then discuss in pairs and in plenary:

- What is a budget? Why is it useful?

Suggested Responses:

- A budget is a financial document that includes information on revenue (money coming into a district from all known sources) and expenditure (money that the district will spend on activities) for the following year.
- A budget is a useful document as it can help a district to determine what activities it will be able to implement in the following year based on these revenue and expenditure estimates.
- Budgets quantify government policies—in other words, a budget puts figures against programmes, which are derived from the desired policy objectives of a government, for example, improved health outcomes.
- A budget is essential for implementing any government policy.

The District must produce a budget because:

- it has scarce resources which are not sufficient to carry out all of its programmes and projects.
- it is a legal requirement.
- it is a requirement of good governance and a political tool that provides overall guidance.
- it is an information/communication tool for citizens, the central government and donors detailing how transfers from them to the Districts will be utilised, and facilitates communication of compliance with donor and national objectives.

Budgets are useful documents in order to:

- identify and disclose sources of income.
- cost the programmes and projects to be implemented.
- requisition for funds to implement approved programmes and projects.
- give an overview of past financial and output performance.
- control the implementation of various programmes so that a particular programme does not encroach on the resources of others.

Table 17 and **PowerPoint Slide 22** show the structure of the district budget. It is important to note it is divided into four components:

- **Recurrent Budget**
 - Section A: Recurrent Revenue
 - Section B: Recurrent Expenditure
- **Capital/Development Budget**
 - Section C: Capital/Development Revenues
 - Section D: Capital/Development Expenses

Examples are given for each of the Sections of the budget.

Diagram 11 and **PowerPoint Slide 23** show the detailed steps in compiling the draft budget. Each of these steps has an associated format, which are presented in the following Tables and PowerPoint Slides:

- **Table 18. / Slide 24** Expenditure Budget Estimation Form
- **Table 19. / Slide 25 / Slide 26** Revenue Budget Form (and Revenue Forecast Form)
- **Table 20. / Slides 27-28** Recurrent Budget Examples (Revenue and Expenditure)
- **Table 21. / Slides 29-30** Capital / Development Budget Examples (Revenue and Expenditure)

Explain that for **Revenue Budget Estimates**, participants need to go back to the Revenue Forecast Table. The information that was prepared here as part of the Step 7. Revenue Forecast, is now used in preparing the draft budget estimates.

Prepare draft Annual Work Plans, there are two relevant Tables: (Note there are no PowerPoint Slides for these)

- **Table 22** Recurrent Expenditure Annual Work Plan
- **Table 23** Capital / Development Annual Work Plan

There are two main differences in the way that Annual Work Plans are prepared, compared to what was done previously, which is what some districts may be more familiar with. It is important to point out the following:

- Annual work plans are based on the budget, and are prepared and *annexed to* the main budget document.
- Annual work plans should be prepared for both recurrent *and* capital/development activities.

Step 11. Review Budget and Annual Work Plans

Table 24. summarises the key points in the process of reviewing the budget and annual work plans. This is followed by some information about a community forum. Explain that this forum is an important opportunity for the community to have input on the draft budget and Annual Work Plan for the coming year, as well as for the district to present its DDF achievements from the previous year. This is the one point in the annual planning and budgeting cycle when the community is closely engaged, so it is important that the forum is well-organised and widely publicised.

The information in the text box explains the purpose of the community forum as well as provides some example questions that might be asked about the draft budget (and annual work plans), both from a community perspective, and the local government itself.

PowerPoint Slides 31 and 32 highlight the questions that can be asked. The purpose of the questions is for the community to ask questions of the district local government to hold it accountable for the decisions that have been made on how resources have been allocated in the budget and annual work plans.

It is also important for the district local government itself to reflect on how the resources in the budget have been allocated, and that decisions on spending are in line with priorities in the DDF, and that they provide for all members of the community. Note that there may be resistance from leadership to having community involvement in the draft budget, but it is an important transparency and accountability mechanism.

There is another set of questions for discussion, which can be asked in the training, to encourage participants to think about the type of feedback which the district local government should seek from the community about the budget, and how this might be useful. For example, it is important to think about what are the changes that realistically could be made to the budget as a result of community feedback. It is also important to have a discussion with participants around the benefit of having community feedback on the draft budget and annual work plans.



Questions for Discussion

What type of feedback do you think should be sought from communities on the budget and work plans? For example:

- Is it useful to seek feedback on both recurrent and capital/development budgets? Why?/Why not?
- What might be some of the benefits of having community comment on the draft budget and work plans?
- To what extent should the district take on board the community comments? In other words, what types of revisions are likely and realistic to be made to the budget and work plans as a result of community feedback?

Table 25, Diagrams 12a and 12b and PowerPoint Slide 33 show the steps in the process that are needed to finalise and approve the district budget and annual work plans.

Session 5: Planning & Budgeting Steps 13-15

Session Objectives:

By the end of this session participants will be able to:

- Carry out Steps 13-15 in the annual planning and budgeting process according to the process presented in the session.



Duration: 1.5 hours



Methods: Presentation, Questions for Discussion



Relevant PPT Slides:

- N/A

Session Notes:

Diagram 13 focuses on the final part of the process, which is Steps 13-15 and takes place in November-December according to the Planning and Budgeting Calendar.

Step 13. Publicise Budget and Annual Work Plans

Table 26. gives a summary of what is involved in publicising the district budget and annual work plans after they have been finalised and approved by the District Council. Note that making the budget documents public is an important step for greater transparency in local governments. The district budget is a public document, as the funds included in the budget come from the money that tax payers pay to the district, so it is important the public has access to information about that that money is intended to be spent. Explain that this does mean there has to be another round of community consultations or a public meeting. Instead, it means that if a member of the public want to see a copy of the budget or annual work plans, they should easily be able to obtain a copy – either in person from the district local government office, or on the local government website (if they have one). This is common in many other countries and is considered to be international best practice.

Step 14. Finalise the DBFP

Table 27. gives some detail on how to finalise the District Budget Framework Paper document. It is a matter of adding the final district budget as Chapter 4 and the final district annual work plans as Chapter 5.

Step 15. Prepare Procurement Plans

Explain that even though procurement is related to the implementation/budget execution part of the DPP&BG cycle, the planning for the procurement that is to be done in the coming financial year should be an activity carried out as part of the planning and budgeting process.

Table 28. shows the key points in preparing procurement plans. There are procurement plan formats for Works, Goods and Services, in the following tables:

- **Table 29.** Procurement Plan for Works
- **Table 30.** Procurement Plan for Services
- **Table 31.** Procurement Plan for Goods

Point out that for each of these tables there are some 'guidance notes', which should help them to fill in the table when needed.

Session 6: Conclusion

Session Objectives:

By the end of this session participants will be able to:

- Summarise the main topics covered in the Annual Planning and Budgeting Module.
- Demonstrate understanding of the content of the module, through a short assessment task.
- Evaluate the module, by providing feedback on their reaction to the training they have just completed, through a short questionnaire.



Duration: 1 hour



Methods: Discussion, Assessment Task, Evaluation Questionnaire



Materials and Preparation Required: Prepare copies of the Assessment Tasks and Evaluation Questionnaire in advance of the session.



Relevant PPT Slides:

- Slide 34: Module Conclusion

Session Notes:

The main aspects of this session are to recap what has been covered in the training, through a summary provided in the Participant Book, as well as to set participants a short assessment task to gauge their understanding of the material covered in the training. It is also important to get the opinions of participants on what they thought about the training, so that the training material can continue to be improved.

Start by asking participants if they can recall some of the main points from the training. Ask people to share if there was anything in particular they found useful or interesting, or anything that might have been confusing. You can refer to the bullet points in the Participant Book for this session to guide you and the participants through this process.

Then, hand out a copy of the post-test task for each participant (this is located in the separate 'Assessment and Evaluation' document). You should have made a copy for each participant prior to the start of the training.

Participants should attempt the 'Post-test' questions and self-assessment checklist, which complement the pre-test questions and checklist that should have been completed at the start of the training. You can choose whether participants should do the questions on their own, or to conduct as a more interactive activity in plenary.

Allow about 20 minutes for the assessment tasks. Collect the papers and then hand out an evaluation questionnaire for participants to fill in. Allow about 10 minutes for the evaluation questionnaire.