

MODULE:
INTRODUCTION TO PUBLIC BUDGETS

Preview of the content of the Module

Introduction to the Public Budgets	2
Input on the Introduction to Public Budgets (ppt presentation).....	4
Exercise: Mapping budget revenues and expenditures	9
Resource list.....	11

INTRODUCTION

The public budget is annual plan of the government which outlines planned public revenue and expenditure, and usually is passed by the highest governmental bodies, such as: parliament, municipal councils and regional/provincial councils, known as legislature. The public budget is the most important policy (in literature this policy is known as economic or fiscal policy) for implementation of the citizens rights (right to health, education, housing, social protection, etc.). The public budget is also, an important document for realization of the health rights of the people who use drugs and their right to access the public programs for harm reduction. The existing public policies and laws are just empty promises of the government, unless the government allocates adequate level of the budget resources for their realization.

The government budget reflects the county's/government priorities and is a very good indicator for the level of the country/government commitment to implement the international and national obligations toward improvement of the health status of the people who use drugs.

Regardless of the level of the government the public budget refers to, the budget funds are allocated toward satisfaction of the following **public functions: health, security (public order, peace and defense), economic development, environment protection, education, social protection, culture, etc.**

The public budget is divided in two sections: projected revenues and projected expenditures.

In the projected revenues section of the public budget the government outline the amount of funds expected to be collected through the calendar year from different sources, in order to be able to cover the expenses for implementation of the main budget functions mentioned above.

The government finance its functions with funds collected from:

- **Tax revenues:** profit taxes, income taxes, property taxes, taxes on goods and services; taxes from international trade, taxes on special services, etc;
- **Non – tax revenues:** users fees, fines, income from the work of the public enterprises and income for public property, service charges, etc;
- **Capital revenues:** sale of public property, sale of public goods, sale of land and assets, dividends, etc.
- **Transfers and donations:** transfers from other levels of government (ex. the transfers from the central government to the local governments), capital donations and current donations, etc;
- **Internal borrowings:** issuing short or long term public bonds; borrowings from domestic creditors (commercial banks and other creditors);
- **External borrowings:** borrowings from external creditors (foreign government or international development agencies);
- *And other revenues.*

While, in the projected expenditures section of the public budget the government outline the amount of funds expected to be spend through the calendar year for implementation of the main budget functions. The expenses side of a budget shows how much and on what a government plans to spend its revenue. The expenses of government are usually divided into two categories: ongoing running costs (commonly called operational/recurrent/ administration costs), and one-off costs with long-term benefits (commonly called development/ programme costs), including capital items such as roads, buildings and equipment.

The public expenditures can be divided in the following categories:

- **Salaries;**

- **Goods and services:** communications, heating, electricity, maintenance, materials and small inventor, contracting services, etc.
- **Capital expenditures:** construction, purchasing equipment, purchasing furniture, purchasing vehicles, purchasing strategic goods, etc.
- **Interest payments;**
- **Installment payments;**
- **Other expenditures.**

In most of the countries the projected expenditures exceed the amount of expected revenues. This situation is known as budget deficit. In case of budget deficit the government responds with cutting the budget expanses, borrowing or seeking for international assistance.

The situation in the budget, when the government plans to spend fewer resources, than the amount of expected revenues, is known as budget surplus. This is a very rear situation in the countries, but if this is the case in the country the government will more probably increase the expenditures or pay the existing debt.

It is very important to know that the budget documents vary from country to county. Some of the differences are occurs because of the types of the revenues and expenditures in the budget that can be specific for each of the countries or because of the level of transparency and accountability of the government (some budgets are broken down in details and some includes just general overview on the budget items).

The government budget is important in the implementation of rights of the people who use drugs because: the government deliver the services to the people, by executing the budget; it is a tool for distribution of the national income among the citizen; it is a policy tool for overcoming the inequity among the citizens; it demonstrate the real commitment of the government satisfy the citizens rights and also it is an instrument for holding the government transparent and accountable for it actions.

Introduction to Public Budgets

What is Public Budget?

The public budget is annual plan of the government which outlines planned public revenue and expenditure, and usually is passed by the highest governmental bodies, such as: parliament, municipal councils and regional/provincial councils, known as legislature.

Slide 3

What are the main public budgets functions?

EURASIAN HARM REDUCTION NETWORK  ЕВРАЗИЙСКАЯ СЕТЬ СНИЖЕНИЯ ВРЕДА

- health,
- security (public order, peace and defense),
- economic development,
- environment protection,
- education,
- social protection,
- culture, etc.

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Slide 4

What are the main sections of the public budgets?

EURASIAN HARM REDUCTION NETWORK  ЕВРАЗИЙСКАЯ СЕТЬ СНИЖЕНИЯ ВРЕДА

- projected revenues and
- projected expenditures.

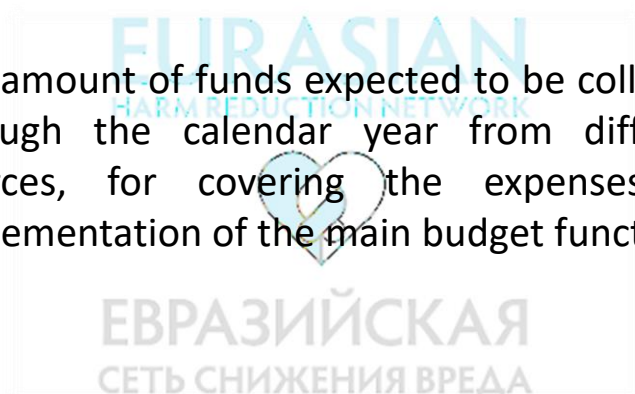
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Slide 5

What is public revenues?

- The amount of funds expected to be collected through the calendar year from different sources, for covering the expenses for implementation of the main budget functions.



Slide 6

What are the main sources of public revenues?

- Tax revenues;
- Non – tax revenues;
- Transfers and donations;
- Internal borrowings;
- External borrowings; and
- And other revenues.



Slide 7

What is public expenditures?

Amount of funds expected to be spend through the calendar year for implementation of the main budget functions.

The public expenditures are divided into two categories:

- ongoing running costs; and
- one-off costs with long-term benefits, including capital items such as roads, buildings and equipment.

Slide 8

What are the main categories of public expenditures?

- Salaries;
- Goods and services;
- Capital expenditures;
- Interest payments;
- Installment payments;
- Other expenditures.

Slide 9

What is budget deficit and budget surplus?

- *Budget deficit*: projected expenditures exceed the amount of expected revenues.
- *Budget surplus*: projected revenues exceed the projected expenditures.

Slide 10

Why the budget is important for the government?

- the government deliver the services to the people, by executing the budget;
- it is a tool for distribution of the national income among the citizen;
- it is a policy tool for overcoming the inequity among the citizens;
- it demonstrate the real commitment of the government satisfy the citizens rights; and
- it is an instrument for holding the government transparent and accountable for it actions.

Exercise: Mapping budget revenues and expenditures

As outlined in the previous sections, it is important Civil Society Organizations to understand and map the main sources of public revenues and main categories of revenues in their national budget documents. Civil Society Organizations should find the budget documents published by the government for their own countries. The most important documents for Civil Society Organizations are the Enacted Budgets (document which present the planes of the government to collect revenues and execute resources, approved by the legislators); Supplementary Budgets (changes in the budget documents made during the calendar year, approved by the legislators) and Year End Reports (document which presents the actual revenues collected and actual funds spend by the government during the calendar year approved by the legislators).

This three document can be find on the Ministry of Finance of other financial departments web side; the web side of the Parliament of Regional/Local Council; or in the official gazette.

By mapping the main sources of revenues and main categories of expenditures, you will be able to identify how much funds are collected by the government during the calendar year and through which sources; as well as identify how much funds are sent by the government during the calendar year and for what purpose. Also, you will be able to identify the differences between the planed and actually collected funds and between the planed and actually executed expenditures, and compare these categories through a specific period of time.

Revenues:

Types of revenues	Insert the amount stated in the Enacted Budget document	Insert the amount stated in the Supplementary Budget document	Insert the amount stated Year End Report
Tax revenues			
Non – tax revenues			
Capital revenues			
Transfers and donations			
Internal borrowings			
External borrowings			

* Important: Under each of the general public revenue headings insert the names of each revenue sub items and add as much row as you need.

Expenditures:

Types of expenditures	Insert the amount stated in the Enacted Budget document	Insert the amount stated in the Supplementary Budget document	Insert the amount stated Year End Report
Salaries			
Goods and services			
Capital expenditures			
Interest payments			
Installment payments			
Other expenditures			

* Important: Under each of the general public expenditures headings insert the names of each expenditure sub items and add as much row as you need.

RESOURCE LIST

1. Save the Children, Advocacy and Campaigning, 12 Budget analysis and tracking -

https://www.google.de/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKewjPn7mwqpPSAhXE0hoKHZM1Bt4QFgghMAA&url=http%3A%2F%2Fwww.open.edu%2Fopenlearn/create%2Fmod%2Fresource%2Fview.php%3Fid%3D80858&usg=AFQjCNFGUUp_RKITXz2_3JixVbsZrdp5nA

2. Our Money, Our responsibility, Citizens Guide to Monitoring Government Expenditures -

<http://www.internationalbudget.org/wp-content/uploads/Our-Money-Our-Responsibility-A-Citizens-Guide-to-Monitoring-Government-Expenditures-English.pdf>