



Session 1

Who are We and Why are We Here?



Objectives

By the end of the session, participants will be able to.....

- know, and be comfortable with, each other;
- know the overall mandate, objectives and major projects of DSP;
- know the key components of this workshop, what it will achieve, and its approach;
- articulate the personal benefits of this training for themselves;
- agree to norms that will facilitate the effective implementation of the workshop.



Duration

1.5 hours



Timing

0900 to 1100 hours



Methodology

Individual Exercise; Presentation; Plenary Discussion



Material

Stationery

1 MARKER PER PARTICIPANT; 100 (5" X 8" VI PP) CARDS EACH IN PINK, BLUE, AND YELLOW; THUMB TACKS; MASKING TAPE;

Equipment

THREE PIN BOARDS, ONE EACH FOR CLUSTERING OF CARDS (IF PIN BOARDS ARE NOT AVAILABLE, MAKE SURE THAT THERE IS SUFFICIENT WALL SPACE TO PUT UP THE CARDS); MULTIMEDIA PROJECTOR AND SCREEN (OR WALL SPACE)

Slides	Handouts (HO)	Worksheets (WS)	Reference Material (Ref)
1-01 Role of a budget 1-02 Overall workshop objectives 1-03 Workshop Agenda 1-04 Major Sections of Handbook 1-05 Experiential Learning Cycle	1-01 Role of a budget 1-02 Workshop Agenda	None	1-01 Budget TIP 1-02 DSP Brochure 1-03 DSP in Detail 1-04 Investment Proposal (IP) Form 1-05 Why Budget Training
Other: <ul style="list-style-type: none"> • Charts (Chatpatta, Special Clinics, Parking Lot, Feedback Mechanism) 			



STEPS:

1. Organize in advance a volunteer for the recitation from the Holy Quran. Choose a verse that relates to the acquisition of knowledge, and the application of that knowledge for the benefit of people. Ensure that the verse is supported by authentic translation.
2. Welcome the participants on behalf of Decentralization Support Program (DSP). Thank the participants for taking time out from their busy schedules to attend this workshop.
3. Inform the participants that in this opening session they will have an opportunity to become acquainted (or re-acquainted) with each other, with the objectives and approach of this 4-day training, and with DSP, the Program responsible for the initiation of this training.

Getting to Know Each Other

4. Ask the participants whether they know each other. It is likely that most will know each other (if the workshop is being held at the district head quarters). Tell them that the introductions have therefore been designed to take them one step beyond simple names and designations.
5. Explain the introduction exercise to the participants. Tell them that the introduction exercise has been designed to create fun and encourage diversity of views by requiring each participant to respond to three incomplete statements (write each of the three statements on coloured cards as suggested below, and place each one on a separate pin board or wall space to allow eventual clustering of the participants responses):

(pink) my name is _____, I work as _____, and one of the strengths I bring to this training is _____ (yellow) i expect this 4-day training to (blue) in order to ensure an effective training, we must
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6. Tell the participants that you would like each of them to respond to the above stated incomplete statements by writing only the responses to the statements on VIPP cards: self-introductions on *pink* cards, expectations on *yellow* card, and norms on *blue* card.
7. To give participants an idea of how the completed cards will look like, give an example. To expedite the process, pre-prepare the cards. As you introduce yourself and your colleague, pin up these cards on the pin board or wall. Point out that participants should only write the responses to the statements, and NOT repeat the given statement on the cards.
8. Emphasize that participants should think of original statements and not use the examples quoted by the trainer. Tell them that *strengths* could range from subject knowledge, people skills, fun and humour, etc; *expectations* may range from



knowledge, skills, access to material and information, impact on personal performance, benefit for local government; *norms* are made to ensure a certain discipline and may be with reference to timing, behaviour, logistics, etc.

9. Once participants understand the task, pass out the cards. Each of the participants should have received a chart marker during registration. Ask them to write on the cards with the marker in a font large enough to be easily read from a distance. As the participants complete their cards, ask them to get up and pin their responses in the relevant space on the pin board or wall.
10. Ask the co-trainer/training assistant to collate the cards, as they are pinned on the board, as follows:
 - self-introductions: make two major clusters, i.e. district and TMA. Within each, further cluster as EDOs, COs, DDOs, etc. for the district; and TMOs, and other Tos for the Tehsil)
 - expectations: cluster reference to knowledge & skills; access to material and information; impact on personal performance; benefit for local government, any other;
 - norms: cluster timing, behaviour, logistics.
11. Once all the cards are clustered, process the exercise by reflecting back to the participants a brief analysis on each.

Self-Introductions:

12. On *self-introductions*: highlight the total number of participants and the numbers that represent the districts and tehsils/TMA; emphasize also the #s and categories of district officials (EDOs, COs, DOs, DDOs, etc.) and TMA officials. This information will prove useful later when determining who the resource persons are within the larger group and how to formulate smaller groups.

Expectations:

13. Refer to participants' cluster of *expectations*. Listed comments may include expectation to learn about new forms, about new rules, more about the basics of budgets, etc.
14. Ask participants why there is such a need for budget training? Look for some of the following responses:
 - Significant difference between Budget Rules 2001 and 2003 in that BR 2003 requires local government's to be far more strategic in terms of how they mobilize and allocate resources, i.e. in keeping with vision and policy of local governments;
 - Budget Rules 2003 require processes not in practice earlier, e.g. consultations with a wide range of stakeholders, appropriations linked to performance targets, elaborate system of budget management (including monitoring), multiyear planning for the districts, partnerships with CSOs through CCBs, budget on commitment basis;



- New budget forms require orientation and familiarity to be able to fill out and analyse effectively.

15. Ask participants how they would define a Budget and its purpose. Highlight that a budget is an estimate of expenditure and of matching revenues covering a determined period. Its purpose is to provide a systematic approach to the forecasting and planning of income and expenditure required to deliver services and in so doing to establish a visible control over the resources of a local council, its officers at all levels and all development activity.

16. Ask participants what is the role of a Budget. Note participants' comments on to a flip chart, and conclude the brief discussion with *Slide 1-01 (Role of a Budget)* as follows:

1	<i>Policy Making</i> – i.e. identifying how to allocate resources between major outputs in terms of services and infrastructure and in determining what the council can achieve.	It is a <i>Financial Plan</i> for keeping the local government solvent by ensuring that required expenditure is covered by sufficient revenue and/ or reserves It establishes <i>Service Priorities</i> for the local government
2	<i>Legal</i> – i.e. giving authority to the local government personnel to collect and spend money and to prescribe exactly how that may be spent	It determines, within the law, the <i>Levels of Taxation</i> , fees and charges to be collected during the forthcoming year It provides the legal <i>Authorisation</i> for expenditure during the budget period
3	<i>Management</i> – i.e. allocating resources to particular services and functions to obtain inputs (personnel, equipment, buildings etc) required to achieve outputs (road maintenance, waste disposal, water supply)	<i>Allocates Resources</i> among different activities and determines levels and directions of work to be undertaken during the budget period It provides comprehensive information on the <i>Financial Position</i> and plans of the local government (historic, current and projected)

17. Refer participants to **HO 1-01 (Role of a Budget)**. Emphasize that budget training is very critical for two reasons: the important role that it can play in a local government, as well as the current capacity gaps that exist in most local governments. Highlight that capacity limitation for budgeting has been recognized by DSP (Decentralization Support Program), and is being addressed through this training. Tell the participants that they can access more information in their Handbooks (Section 4) on the *Budget TIP, DSP Brochure, DSP in Detail, Investment Proposal (IP) Form, and Why Budget Training as REF-01, 02, 03, 04 & 05.*



18. Refer to participants' clustered expectations, and highlight those topic areas that seem realistic and achievable within this 4-day training. Show participants *Slide 1-02 (Overall Workshop Objectives)* and briefly explain each point in reference to participants own expectation (if there is a match):

By the end of the 4-day training, participants will be able to...

- Recognize budgeting as a strategic management tool that can assist local governments to be more effective and efficient (*highlight that this training will focus on explaining that budgeting is not a mechanistic exercise or about adding and subtracting; rather strategic decisions about resource mobilization and allocation are being taken when budgets are put together*);
- I identify specific ways to strengthen the local government budgeting cycle so that it is more cohesive, representative, transparent, and realistic (*emphasise that this training will introduce the participants to every step of the budgeting cycle in terms of its significance, components, and process, so that future budgeting exercises at the local level are more effective and efficient*);
- Mentally map the various forms according to the related components of the budget cycle, and comfortably fill out each one (*highlight that a most important dimension of this training is to help participants become comfortable with using the 48 new budget forms that are now used to manage the complete budgeting cycle*);
- Analyse information elicited through the various categories of forms in ways that can enhance local government performance (*highlight that the budgeting exercise must be managed in a holistic manner, and should transcend beyond just filling the forms. Those responsible should know what the information contributes to, i.e. how it will affect local government performance*).

19. If there are any expectations that are not realistic within the framework of this Workshop, address the same. For example, if a participant has expectations that she/he will learn basic accounting, inform her/him that that will not be possible within this Workshop, but that DSP will have other training events which may meet that particular need.

20. Show participants *Slide 1-03 (Workshop Objectives & Agenda)*. Refer participants to *HO 1-02 (Workshop Objectives & Agenda)* in their Handbook. Briefly highlight the salient learning for each training day as follows:

Day-1:	Introduction to Budget Policy, Budget Cycle and Budget Call Letter;
Day-2:	Estimates of Receipts and Expenditures;
Day-3:	Project Processing and Annual Development Program; Re-appropriation and Supplementary Grants; Presentation to the Council;
Day-4:	Budget Management; New Accounting Model; Action Plan; Workshop Evaluation



21. Highlight that budget involves public funds. Therefore all those involved in the budgeting process (planning, formulation, management) are responsible for the 'appropriate' and 'best use' of the resources. Budgeting must be addressed at the local level in a holistic way, where all those involved in the process know what each of them are doing, why, and how, and how their tasks are interlinked with, and affect, each other.

Introduction to Materials:

22. Refer participants to their Handbooks. Tell them that this document is very important for them since it will guide them throughout the training and accompany them back to the workplace. They must therefore make the Handbook a working document to note observations, comments, 'aha' experiences, examples. Tell them that the importance and use of this Handbook is further elaborated in the 'Instruction Notes' attached at the beginning of the document. Encourage participants to find the time to read up these notes either during lunch break or in the evening.

23. Using *Slide-04 (Major Sections of Handbook)*, introduce participants to the major sections, as follows:

Section 1: Handouts:- comprises all the material that participants will be asked to refer to in order to obtain better conceptual understanding of a topic under discussion. All handouts are titled as 'HO', with the first number digit referring to the Session while the second refers to the sequence in which the handout is given out.

Section 2: Workbook:- comprises of all worksheets that is handed out to participants as an activity or instruction on which they will work, either individually or in groups. The Workbook material is titled as 'WS', with the first number digit referring to the Session while the second refers to the sequence in which the worksheet is given out.

Section 3: Easy Guide to LG Budget Forms:- comprises of visuals that allow easy understanding of collective and individual budget Forms.

Section 4: Reference Material:- comprises of reference notes and background readings to support concepts discussed during the workshop.

Section 5: Budget Rules 2003:- comprises of a copy of the province specific Budget Rules 2003.

Norms:

24. Refer participants to their cluster of norms. Emphasize those that are likely to support the effective implementation of the training, reiterating:

Punctuality defined in terms of arrival time, prompt return from breaks and group tasks;

- Keeping mobiles completely off;
- No smoking in the training hall;



- Respect for diversity and lack of homogeneity in terms of knowledge and skills in terms of patience, ability to serve as resource persons, allowing everyone a chance to speak up;
- Safe custody of all material and other properties;
- Absenting oneself from the training;
- Allowing for diversity, and equal participation of all.

25. If the participants do not raise any of the above points, gently incorporate them yourself. Tell the participants that their list of norms will be transferred to a flip chart that will be prominently displayed throughout the duration of the workshop. Tell them that each of them must sign this chart so that the norms are morally binding on each of them. Ask the co-trainer to transfer the norms on to a flip chart. During tea break ask participants to sign the list of norms.

Experiential Training:

26. Tell the participants that this training is based on the principles of experiential learning, i.e. learning by doing or hands-on learning. Ask them what they understand by the term. Responses may include to do, to try, to experiment. Ask participants how learning by doing would be more effective than lectures. Tell them that you will do a small exercise to demonstrate.

27. Tell participants that you will give them some instructions. They must attempt to follow your instructions. Tell them you will demonstrate simultaneously. And while instructing, exaggerate your movements so that participants' attention is focused on them. Instruct as follows: 'Stretch out your right hand. Put your thumb and forefinger together. Bring your hand to your face and touch your chin'. While instructing, demonstrate. But instead of touching your chin, touch your cheek. It is most likely that the majority of the participants will also touch their cheek.

28. Ask those participants who touched their cheek to raise their hand. Ask them why they touched their cheek. Most will say because you touched your cheek. But tell them that your verbal instructions were to touch the chin. Participants will tell you that your showing was more powerful than your telling, in other words seeing is more powerful than listening. Ask participants how they can apply this learning to their workplace? As a supervisor, or a parent, we must demonstrate or model what we ask, e.g. if we ask others to be honest and truthful, we must demonstrate the same.

29. Show *Slide 1-05 (Experiential Learning Cycle)* and highlight that for effective learning, participants must be able to 'try out' a new behavior or skills, 'step back' and ask the questions as to what happened and why, 'generalize' some principles from the experience, and then identify how to 'apply' the same to real life situation.

30. Inform participants that the principle of 'experiential learning' has been integrated throughout the module in the shape of individual or group exercises, case studies,



role-plays, quiz, and small group discussions. Emphasize that this approach to learning is not only much fun but also far more effective.

31. Highlight also that all training material has been organized and visualized to maximize the efficiency of the learning process.
32. Tell the participants that additional techniques have also been introduced to encourage effective participation. Ensure that all the charts to support the following points are visibly put up – point out to each chart/ visual and explain one by one:
 - 'Chatpatta' – this is a platform to invite participants to contribute to the fun and learning of the Workshop. Explain that expressions such as **relevant** jokes, poems, stories, quotes, incidents, and energizers would be most welcome. This would be a continuous process to keep up the workshop energy.
 - Special Clinics – this is a space created for those who would like to know about a subject which is not included in the workshop, but which is of interest and relevance to the participants. Encourage participants to write their name and the topic they wish to hold the clinic for.
 - Parking Lot – a place where the group could decide to park an issue or subject that cannot be resolved during the session, and for which special time would be found after workshop hours.
 - Feedback Mechanisms - These are the end of the day mood barometer, ongoing monitoring by two 'guardian angels' each day, and the end of Workshop evaluation. Explain the role of the guardian angels, highlighting that they must secure feedback from the participants and guide the facilitators towards improving the workshop in terms of content, facilitation, logistics, etc. Ask for two volunteers to be the Guardian Angels for day-1. Give the Guardian Angels their badges. Inform the participants that new volunteers would be requested for day-2.



Role of a Budget

1	<p><i>Policy Making</i> – i.e. identifying how to allocate resources between major outputs in terms of services and infrastructure and in determining what the council can achieve.</p>	<p>It is a <i>Financial Plan</i> for keeping the local government solvent by ensuring that required expenditure is covered by sufficient revenue and/ or reserves</p> <p>It establishes <i>Service Priorities</i> for the local government</p>
2	<p><i>Legal</i>– i.e. giving authority to the local government personnel to collect and spend money and to prescribe exactly how that may be spent</p>	<p>It determines, within the law, the <i>Levels of Taxation</i>, fees and charges to be collected during the forthcoming year</p> <p>It provides the legal <i>Authorisation</i> for expenditure during the budget period</p>
3	<p><i>Management</i> – i.e. allocating resources to particular services and functions to obtain inputs (personnel, equipment, buildings etc) required to achieve outputs (road maintenance, waste disposal, water supply)</p>	<p><i>Allocates Resources</i> among different activities and determines levels and directions of work to be undertaken during the budget period</p> <p>It provides comprehensive information on the <i>Financial Position</i> and plans of the local government (historic, current and projected)</p>



Workshop Objectives & Agenda



Overall Training Objectives:

By the end of the 4-day training, participants will be able to...

1. Recognize budgeting as a strategic management tool that can assist local governments to be more effective and efficient;
2. Identify specific ways to strengthen the local government budgeting cycle so that it is more cohesive, representative, transparent, and realistic;
3. Mentally map the various forms according to the related components of the budget cycle, and comfortably fill out each one;
4. Analyse and generate information elicited through the various categories of forms in ways that can enhance local government performance.

Agenda

Day 1		Day 2	
#	Session Title	#	Session Title
	Who are We and Why are We Here?		Estimation of Receipts
	Budget as District Management Tool		
3	Budget Cycle		Estimation of Current Expenditures
	Budget Call Letter		
Day 3		Day 4	
#	Session Title	#	Session Title
1	Development Project Processing		Budget Management
2			
3	Re-appropriation and Supplementary Grant		Multiyear Planning (Budget Software)
4	Presentation and Approval of Budget		NAM



Technical Investment Proposal (TIP) in Summary

Capacity Building of Officers dealing with Budget and Planning at District and TMA levels

Rationale:

Under the LGO, all LGs are required to prepare their own budgets. At the District level, the EDO (Planning and Finance) is responsible for preparation and approval of budget, and at the TMA level, the TO (Finance). Besides these two officers there are many others who are concerned with the local government budget making process. Most of these officials have not received formal budget training, nor have they been oriented to the newly notified local government Budget Rules. There is therefore a tremendous capacity gap, due to which it may not be possible for most local governments to follow the new code in letter and spirit. Training and adequate follow-up and mentoring support is thus required to build the capacity of local government officials in planning and budgeting, in particular to become acquainted with, and follow the process and procedures of the new Budget Rules.


This training would need to be rolled out throughout Pakistan, to cater to all districts and TMAs. The training would be directed at district level to the Officers / Officials in EDO (F&P) office and officers dealing with Budget & Planning in other offices of the district governments. At the TMA level, the training would be directed at TMOs, TO (Finance), TO (Planning), and officials in TO (F) office.

Considering the vast scope of this training (in terms of numbers and geographical scope) the TIP would invest in the following:

- Design the material for training
- Identification of Master Trainer
- Workshops for training of Master Trainers and mentors
- Training workshops at ex-sub-divisional levels (or even at district level)
- Mentoring and handholding support for forthcoming budget cycle.



DSP Brochure



Decentralization Support Program
Offices in :Islamabad, Lahore, Karachi, Peshawar, Quetta

DSP Outcomes

- Sufficient and effective Government support for decentralization and related reforms, including gender mainstreaming and social development
- Effective and sustainable Provincial-Local intergovernmental relations
- Local government institutions managing resources accountably and equitably

Financing

Program Loan US\$ 270m	TA1 US\$ 23m
ADTA Grant US\$ 3.16m	TA2 US\$ 7m

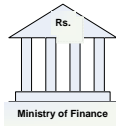
Unique Features of DSP

- Nation-wide scope, at all levels of government: union, tehsil, district, province and federal
- Based on local needs (demand-driven)
- Flexibility in type of proposals supported
- Simplified project appraisal and approval — mandated by ECNEC
- Implementation by best service providers (private or public sector) recruited on merit, competitive, and transparent basis

DSP / TA1 Support

For What?	By Whom?	How?
Capacity Development including assistance for training, systems and process development.	<ul style="list-style-type: none"> □ Officials, elected representatives and civil society at local government (district, tehsil and union) level □ Provincial bodies associated with local governments, e.g. PFC, LGC, Federal IAs 	Send a concept to DSP Federal or Provincial office through an Investment Proposal form (attached as handout)

Note: Implementation is through contracted service providers. NO funds are given directly to clients.



NPSO
1st Floor, FBC Building, G-5/2, Islamabad
051-9213400

- Stage - 1**
- Dev. of LG Specific Audit Methodology Studies
 - Seminars on Local Government Policy Dialogue Strategy
 - Communication of DSP
 - Managing Transition - NAM/SAP/R3 solution.
 - Fund for 'Enhancing Social and Political Accountabilities' Joint Components of PFC
 - Joint Components of Budget training

- Stage - 2**
- Technical Support to NFC
 - Study of Women's Participation in LGS
 - GRAP Orientation Workshops
 - DSP Stakeholder Interaction
 - Orientation to Local Govt. Reforms



PPSO-Punjab
211-B, Ahmed Block, Garden Town, Lahore
042-5838003

- Preparation of a automated database of tax and non-tax receipts in Tehsil Municipal Administration Khanewal
- Capacity Building / Training of DDOs in District Governments
- Institutional Development of PFC
- Development of TMA Financial Reporting
- Capacity building of officers dealing with Budget & Planning in Tehsil Municipal Administrations
- Development, Printing and Distribution of Compendium of Local Government Laws
- Exploratory Survey for determination of Capacity Building needs of District Council Committees created under Punjab Local Government Ordinance 2001.
- Capacity building of officers dealing with Budget & Planning in District Governments

- Capacity building of LGOs in Budget & Planning in TMA's
- Automated Databases for all TMA's
- TMA Water Supply & Sanitation Unit
- Preparation of Bye Laws for DG
- Provincial Local Government Resource Centre
- Payment of Incentive / Honoraria for Focal Persons
- Manual on Powers / Functions / Duties of Elected and other LGOs
- Complaint Resolution System for Improved LG Performance



PPSO-Sindh
01 Mezzanine Floor, Beaumont Plaze, Beaumont Road, Karachi
021-5680109

- Building Capacity in Budgeting
- Strengthening TMA's support staff skills
- Institutional Development of PFC
- Developing Client Charters
- Training on Performance Budgeting
- Easy access to Financial Rules and Law
- Training in Financial Management & Fiscal Monitoring in CDCK
- Database on Taxes and Taxpayers in Tando Adam Taluka

- NIL



PPSO-Peshawar
56-E, Canal Road, University Road, Peshawar
091-9218203

- Skills Development of Secretary Zila Council.
- Institutional Strengthening of the Naib Nazims Forum.
- Capacity Building of Local Bodies through Specialized Training Courses Fiscal Planning, Local Governance & Public Sector Management
- Institutional Development of Provincial Finance Commission
- Institutional Strengthening of Local Govt. Commission

- Support for Local Government Commission
- Capacity building of officers dealing with Budget at the
- Formulation of strategic Plan, Training Need Assessment & networking
- Capacity Building of the District Human Resource Development Officers (HRDO)
- Proposal for incentives/honoraria for Focal Persons
- Specialization Diplomas in Public Sector Management
- Preparation of an automated database of tax and non-tax receipts and better taxation management in Tehsil Municipal Administrations Nowshera and Charsadda
- Reconstruction of record of real estate/land assets



PPSO-Balochistan
15-B, Chaman Housing, Airport Road, Balochistan
081-9201425

- Framing of rules and model bye-laws under LGO 2001
- Skill Dev. & capacity building of DG Officials in Planning and Budget formulation.
- Development of TMA Financial Reporting
- Support for Local Government Commission
- Institutional Development of PFC

- Specialized Training Courses for LGOs
- Database of tax and non-tax receipts in TMA



DSP in Detail

The Decentralization Support Program (DSP) is an initiative by the Government of Pakistan, in collaboration with Asian Development Bank (ADB). DSP is a broad-ranging program designed to meet the various requirements of decentralization reform: funds, capacity, systems. In this way DSP will help ensure that the local government system in Pakistan is a success.

Objectives:

Improved representation and accountability, contributing to an enabling environment for service delivery and poverty reduction.

Key Policy Outcomes of DSP:

Sufficient and effective federal support for decentralization and related reforms, including gender and social development;
Effective and sustainable provincial-local intergovernmental relations;
Local government institutions managing resources accountably and equitably.

Financing Components:

DSP is a \$300 million program, with the following financing components:
\$270 million program loan - to create the fiscal space for spending on new offices, equipment, etc
\$23 million TA1 for Local Government Performance Enhancement - for capacity and systems development
\$7 million TA2 for Gender and Governance Mainstreaming
\$3.18 million ADTA Grant - to assist in implementation of DSP.

Implementation:

The executing agency for DSP is the Ministry of Finance. Implementation involves four Federal Agencies (NRB, CGA, AGP and MoWD), provincial and local governments.

Decision-making is through a National Programme Steering Committee (NPSC) and four Provincial PSCs - the latter with majority local government representation.

Implementation is through a National and four Provincial Programme Support Offices (PSOs), operating under the umbrella of the MoF and Provincial Finance Departments respectively.

The ADTA team of consultants (funded by the ADTA grant) provides technical and strategic assistance to the PSOs and implementing agencies for DSP implementation.



DSP/TA1 Features:

TA1 gives support for capacity development (training) and systems development needed to make decentralization reform successful

TA1 support is available at the federal, provincial and local level. It can be accessed by civil servants, elected representatives and civil society groups, as well as by provincial and federal bodies/departments, e.g. PFCs. LGCs.

TA1 gives support in 11 Thematic Areas which include audit, accounts, budgeting and revenue generation. TA1 places deliberate stress on providing capacity and systems development support for fiscal decentralization because this is the next and crucial stage in devolution reform.

TA1 is a demand-driven program, which provides support in response to needs.

TA1 places deliberate stress on the lowest tiers of government – districts, tehsils and unions – and on building basic capacities.

TA1 Thematic Areas:

- Audit
- Accounts
- Communication, Strategic Monitoring and Social Audit processes
- Balochistan medium-term policy making, resource management systems
- Province training, capacity building and mentoring arrangements
- Local government regulation and intergovernmental relations
- Intergovernmental fiscal transfers and local revenue generation
- Performance budgeting and service delivery
- Political and Institutional Arrangements and administrative restructuring for improved local government performance
- Public access, information and internal audit/quality assurance
- Public grievance and dispute resolution, internal administrative process and functionality of Ombudsman Office

TA1 Stress on Capacity/Systems Development for Fiscal Decentralization:

Audit – important to promote better public resource management and accountability;

Accounts – good accounting is the key to transparency and accountability as well as effective budgeting and planning;

Intergovernmental fiscal transfers and local revenue generation – timely, predictable and transparent fiscal transfers are essential to ensure fiscal stability; local revenue generation promotes fiscal flexibility;

Performance budgeting and service delivery – budgets allow local governments to effectively plan and implement their policies:



performance budgeting allows informed decisions about future resource allocation.

Current Status of TA1:

Two work plans have been approved by the National Program Steering Committee. Stage One comprises 37 TIPs worth a total of Rs.229 million; Stage Two comprises 26 TIPs worth a total of Rs.226 million.

A number of the approved TIPs relate to fiscal decentralization:

- Development of Local Government Specific Audit Methodology
- Managing Transition - support for Accounts systems in government on NAM/SAP R3 solutions
- Capacity Building of District Government officials in Planning and Budget formation (in all four provinces)
- Capacity Building of TMA officials in Planning and Budget Formulation
- Institutional Strengthening of Provincial Finance Commissions
- Easy Access to Financial Rules and Laws (Sindh)
- Training in Financial Management and Fiscal Monitoring in CDG Karachi
- Strengthening of District Accounts Committees (NWFP)
- Institutional Strengthening of NFC Secretariat
- Preparation of Automated tax databases

Future TIPs will continue to build capacity for fiscal decentralization, side by side with providing support in the other thematic areas.



Investment Proposal (IP) Form

Project Title: _____

Name of Focal Person: _____

Concerned Local Government: _____

<p>What is the Key Issue (Area in which investment is required):</p>	<p>Background (The current situation and the key issues that prevail in the LG)</p>
<p>Why is it important to attend to the issue:</p>	<p>Rationale of the IP (Highlight the urgency to attend the issue, and how it will benefit the LG, and specific target groups)</p> <p>Target Group / Beneficiaries List the specific target groups that will addressed through this IP including how marginalized and vulnerable segments i.e. women, peasants, laborers, minorities, etc. of the Local government will included and / or benefited)</p> <p>Objectives of the IP (Highlight what will be achieved through the suggested IP. Objectives should be specific, measurable attainable, realistic and time bound)</p>
<p>How the issue can be Addressed (intervention/s):</p>	<p>Scope of the Proposal (What is the intervention that is being proposed i.e. training, development of revenue base, etc.? How it can be undertaken? Is it in accordance with the thematic areas? How will it address basic capacities and have demonstrable impact on local service delivery accountabilities)</p> <p>Justification for Sponsoring Agency to propose the project (Highlight also how the sponsoring agency is mandated to undertake the TIP and the comparative advantage it has in implementation)</p>
<p>What could be approximate cost of the IP</p>	<p>Tentative cost estimates of activities proposed to be undertaken should be included.</p>
<p>Estimated Time Frame</p>	
<p>Who should be consulted to further elaborate this proposal</p>	



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Submitted to Focal Person by: _____

Designation: _____

Department / Address: _____

Date of submission: _____

Checked by (Focal Person): _____

Date: _____



Why Budget Training

Rationale:

The local government system entails fiscal decentralization: transfer of funds plus authority to generate local revenues to local governments, and planning and executing expenditures for service delivery. Along with this have come responsibilities: budgeting, expenditure management, revenue mobilization, accounting, auditing – all now have to be carried out at the local government level.

In the District Government, the EDO Finance and Planning is responsible for preparing and clearing the budget (before it is presented for approval to the District Council). The F&P department thus has to perform a similar role to the provincial Finance Department at the district level. In order to do so, it has to coordinate with all other District Government departments.

In the Tehsil Municipal Administration, the same responsibility for budget preparation rests with the Tehsil Officer Finance. The Tehsil Municipal Officer, as principal accounting officer in the tehsil, has to clear the budget before it is submitted to the Tehsil Council.

Local governments are facing a number of problems and challenges in carrying out their assigned budget responsibilities:

Many of the officers posted as EDO F&P and TO Finance do not have the requisite experience and skills to work effectively on budget and finance matters;

Most TMOs belong to either the Local Government Service, or the Public Health Engineering Department. They have no prior experience of budget making at any level, making it hard for them to prepare their sector and tehsil budgets;

The new Budget Code for local governments has been notified, bringing a major change to existing practices of budget-making at the local government level. It requires performing new functions or earlier functions in a new manner. This has added to the difficulties being faced by local staff.

These constraints result into:

District government and TMAs are unable to prepare their budgets on time;

Budgets do not adequately match policy priorities;

Planning – especially long-term planning – is absent;

The budgets presented to the councils contain errors;

Often, appropriations are not accurately reflected in the budget documents;

Difficulties in development planning;

Poor expenditure management;

Local governments cannot make the most effective and timely use of the resources allocated to them



How this Budget Training TIP will help?

The budget training TIPs are for EDOs (F&P), DDOs, TMOs, TOs (F), TO (Planning) and other relevant officers in local governments across the country.

In the courses, officers will learn how to:

- Prepare (or respond to) a budget call letter
- Scrutinize budget proposals and new expenditure
- Compile and consolidate the budget
- Communicate grants to Drawing and Disbursing Officers
- Monitor budgets and ensure funds are spent properly
- Submit reports on budgetary performance
- Prepare revised estimates
- Prepare (or contribute to) Annual Development Programs
- Integrate development and current budget
- Prepare Annual Budget Statement
- Present budgets to local councils in the required format
- Expenditure management and more.

This training will greatly facilitate officers in carrying out the budget responsibilities assigned to them.

- The impact of this on local governments will be:
- To enable fulfillment of a basic function of local government;
- Improved budget-making;
- Improved planning for allocation of resources and of development programs;
- Increased accountability through transparency;
- Reduction in budget errors;
- Better expenditure management for higher results in service delivery;
- Improved resource generation;
- Local governments making the best use of their resources;
- Provision of basic skills for allocation of resources to priorities;
- Less problems for the officers concerned with budget making and execution;
- Medium to longer range stability in local government performance and management.

How Will The Tip Help You?

Crucial Role of Finance Managers in Local Government

The training being provided under this TIP will greatly help you in carrying out your duties - whether these be in budget preparation, or in budget execution.

The budget is the key to effective planning, resource management, accountability and transparency by local governments. You will thus be able to bring about a marked improvement in local government performance.



Question: Why do finance managers in any organization or department have more authority than similar colleagues?

Finance managers in any organization – be it a local government, a provincial department or a large multi-national corporation – enjoy more authority than their colleagues in other departments. The reason is that finance managers are crucial to all those departments getting funds and resources to carry out their respective programs. Without funding they can do nothing.

Finance managers also help other departments to understand the resource implications of their plans, and thus ensure they draw up plans that are feasible and for which funding will be provided. And finance managers can help other departments make better use of the resources available to them, e.g. by mobilizing an untapped revenue source or by cutting wastage.

In 1939 the one post that the Muslim League insisted on getting in the Congress-led government was that of Finance Minister. That choice was not coincidence. The Muslim League knew that control of the Finance Ministry would give them real clout in the government – indeed, would make all other ministries dependent on their goodwill.

Even today, finance managers enjoy immense power within government. To cite one example, when a summary with financial implications is moved to the Chief Minister, and the Finance Department does not agree with its recommendations, the CM does not have the authority to approve it. He has to refer the summary to the Cabinet.

Question: Can service delivery departments move without you?

All the service departments in local government – education, health, water and sanitation, etc – are dependent on the Finance and Planning Department for their effective functioning. Unless the F&P department prepares an accurate and timely budget, reflecting the various priority needs of the local government departments, they will not get funds on time/will get insufficient funds/will not get as many as they could have had the budget been prepared properly. All these in turn mean the service delivery departments cannot move forward.

Service delivery departments often need additional resources, e.g. for a health awareness campaign, a public literacy drive. The F&P department has the responsibility to vet all such proposals for additional funding, and see whether they can be provided through supplementary grants, re-appropriation, etc. The F&P department has to clear such requests before they can be submitted to the Nazim and the Local Government Council.

Release of funds is as important as the allocation of funds. Service delivery departments are dependent on the F&P department for all releases.



Question: Will service delivery improve with effective resource management?

Effective resource management means resources being used where they are most required, it means resources not being wasted, and it means the mobilization of extra resources (by tapping new revenue sources and saving on waste). All these in turn mean more resources for service delivery.

Example

An EDO (F&P) is newly appointed to a district government. Going through the LG documents, he spots areas where funds are being wasted and areas where receipts are not being fully obtained or utilized. He also has a lot of requests from service departments for additional funding sitting on his desk.

The EDO (F&P) spends a few weeks studying everything and making changes. By cutting waste and re-appropriations, and by making sure that all receipts are fully utilized, he ensures that supplementary grants can be provided to meet the additional service delivery needs of other departments.

Question: Is local government performance linked to your position in local society? (Will people credit you with their improved lives?)

The general public often does not have a good appreciation of the crucial role played by the F&P department in the performance of a local government. Public recognition might not therefore be forthcoming if you do a good job. But you will have the satisfaction of knowing that you directly contributed to the provision of better services to the local community.

People working in local government, however, both on the administration side (DCO, other EDOs, DOs, etc) and elected representatives (Nazim, Naib Nazim, councilors), will be aware of the F&P department's role in making more resources available for service delivery. They will appreciate your contribution.