Training Course, CIDE, Mexico

The syllabus for a training course offered by the organization CIDE in Mexico might be useful to examine if you are putting together your own course. The title of the CIDE course was "Tools for the analysis of the federal public budget."

Introduction

This intensive course on the analysis of the federal budget has the objective of teaching the basic knowledge that would enable one to carry out an analytical review of the 1999 Expenditure Budget of the Federation. The course provides participants with a general understanding of the broad contours of Mexico's federal budget, exposing them to the origin, approval, administration, destination, and impact of public resources. The course is designed for members of the Congress; legislative staff; journalists specialized in finances; and NGO staff that are concerned with the budget process. More specifically, the course:

- Describes the political and legal context in which the budget is negotiated;
- Reviews the operational framework of the budget;
- Provides tools for analyzing the macroeconomic and socioeconomic implications of the budget; and
- Offers tools for assessing the effectiveness of current budget policies.

The course consists of sessions totaling 18 hours spread out over three days. The sessions are led by seven different professors.

Session Contents

1. General Framework (2 hours)

A. Overview and objectives of the course
B. The political-administrative context of the federal budget process
C. The main characteristics of the budget
D. Recent changes in the political-administrative context
E. Introduction of new tools for analyzing the budget

Readings:
Slomianski, Paul. The Budgeting Process in Mexico. Center on Research and Teachings in Economics (CIDE). Mexico. 1997. 27 p.

2. Budget Analysis

This section of the course examines several topics related to budget analysis.

• Legal Foundation and Political Considerations (2 hours)

This session analyzes the budget process in Mexico from a political and institutional perspective. It covers:

- The prevailing norms affecting budget negotiations
- The political consequences of these norms
- The prevailing political scene
- The options for amending legislation

Readings:

Ugalde, Luis Carlos (1997). "The Legislative Aspects of Public Spending in Mexico, 1970-1996" in: Latin American Profiles . FLACSO-Mexico. No. 10 (January-June)

Ugalde, Luis Carlos (1996). "The Supervisory Power of the Council of Deputies in Mexico." In The Control of Public Finances. Gilberto Rincon Gallardo (coord.) Mexico. Center of Studies for the Reform of the State

• Macroeconomic Implications (1 hour)

This session describes general policies for public spending in 1998, from the perspective of economic growth, the elevation of the level of well-being of the population, the imparting of justice, changes in the distribution of spending authority between the national and sub-national levels of government, and the augmentation of efficiency, efficacy and quality in the application of public resources. It covers:

- Sources and uses of public resources
- General policies of public spending
- The State and the allocation of resources

Readings:

Federal Government. The Expenditure Budget Project of the Federation for Fiscal Year 1998**.** Mexico. 1998. pages 1-33 (Exhibition of the Reasons and Initiation of Decree, Volume I)

Fischer, Stanley and Rudiger Dornbusch. Economics. Mexico. McGraw Hill, 1996. (Chapter 17. The State and the Allocation of Resources)

C. A Socioeconomic Evaluation of Projects and Programs (2 hours)

This session identifies and analyzes the main elements of a socio-economic evaluation (or impact analysis) of a project or public program. Also, it establishes the criteria for

determining if the social evaluation of a particular project or program has been adequately elaborated. It covers:

- How the social groups affected by the project are identified
- How a benefit is characterized
- How the costs and benefits are consolidated (to avoid double counting)

- The allocation of monetary values for intangible costs and benefits
- The insufficiency of market prices and the use of "shadow prices"

Readings:
The Latin American Institute for Economic and Social Planning (ILPES). Guide for the Presentation of Projects. Mexico. Century XX1 editors, 1997. 23a.edition. Chapters 8 and 9, and annex IV.

D. Fiscal Discipline, Allocative and Operational Efficiency (2 hours)
This session draws on World Bank research on the important dimensions that budgetary systems should address: fiscal discipline, allocative efficiency and operational efficiency. Emphasis is placed on the design of institutions that favor the attainment of these three objectives, in order to introduce the correct incentives for participants in the budgetary process. The session covers:

Introduction to Budget Analysis and Public Spending:
1. A change in orientation from a focus on procedures to a focus on budgetary outcomes
2. The importance of institutions: rules, functions and information

The attainment of aggregate fiscal discipline:
1. The political economy of budget policy: the dilemma of "common resources"
2. Institutional solutions for the problem of the "commons":
- Formal restrictions during the budgetary process
- Centralization
- A medium-term budgetary framework

Allocative efficiency:
1. Is government intervention necessary?
   - The criteria for efficiency and redistribution in the definition of priorities

2. What is the best instrument for government intervention?
   - A selection of alternatives
   - Government finance, regulation, information and provision

3. What is the fiscal cost of public policies?
   - Cost benefit analysis
   - Impact analysis
   - Operational efficiency

4. The types of control in the public sector
   - External control
   - Internal control
   - Management control

5. The development of performance indicators

- The application of performance indicators in the budgetary process

Readings:
Schick, Allen A. A Contemporary Approach to Public Expenditure Management. The World Bank, Washington, DC., 1998. Chapter 1.

E. An Example of Budgetary Impact. An Evaluation of Social Policies. (1.5 hours)
This session presents the strategies for social spending in Mexico, with an emphasis on the criteria for the allocation of the newly created federal funds for regional development and basic social infrastructure. The goal is to make a more general analysis of the methodological limitations and information problems raised by the decentralization of social spending in Mexico. It covers:

- Strategies for social spending in Mexico
- Measures of poverty and targeted allocations
- Objectives and antecedents of the Fund of Contributions for the Social Infrastructure
- FAIS: Formulas for allocation

Readings:
Scott, John. Criteria for Allocation: Decentralization and Targeting Poor Communities. Mexico. CIDE, 1998, 9 p.

3. The normative and administrative framework of the Federal Budget

A. The Operative Framework and Budgetary Reform: The New Structural Adjustment Program (6 hours)

This session examines the basics of public finance, the budget process, recent budget trends, and the recently introduced budget reform, the New Programmatic Structure (NEP) (which includes new management techniques and performance indicators). It covers:

The Operative Framework
- The Concept and Scope of Public Finances
- The Public Budget: Income and Expenditure
- The Budgetary Process
- Budgetary Principles and Budgetary Classifications
- Public Finances in the National Development Plan for 1995-2000
- Program for a New Federalism 1995-2000
- The National Program for Financing Development 1997-2000
- The Evolution of Income and Spending of the Federation 1994-1998

The new Programmatic Structure (NEP in Spanish): Advantages, disadvantages, characteristics

Examples of the Application of the NEP

Readings:
Chávez Presa, Jorge. The Reform of the Budgetary System. The New Programmatic Structure (NEP). Secretary of Property and Public Credit. Mexico. January 23rd, 1998, 230 p.

B. Systems of Control and Supervision (1.5 hours)

This session briefly explains the systems of internal and external control (through the Congressional Major Accounting Office) of budgetary practices in Mexico and the conditions that favor a more efficient control of public finances in other countries' experiences. It then reviews the institutions dedicated to budgetary control and policy evaluation in those countries.

Readings:
Guerrero Amparán, Juan Pablo. "The Evaluation of Public Policies: Theoretical approaches and realities in nine developed countries." In: Management and Public Policy Magazine. Vol. IV. Num.1. Mexico. 1st Semester 1995. pp. 47-115. CIDE, A.C.