

# Session 7



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## Module 3

National Strategies for Trade  
Union Involvement in Budget  
Examination, Expenditure Review  
and Budget Proposal Formulation



# Overview

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- Budget basics
- Structure of national budget
- TU and budget context
- trade unions and applied budget work
- Practical exercise



# Budget definition

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- What is a budget?
  - A budget is a plan for acquiring resources(revenue) and how these resources will be utilised(expenditure) to achieve desired objectives.
  - Typically, a budget will have two main components: revenue and expenditure sides.



# Structure of national budget

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- Typically, a national budget will assume the following structure:
  - Review of developments in the international economy for the previous year
  - Review of developments in the domestic economy for the previous year e.g.
    - Macroeconomic performance
    - Sector performance
    - External sector performance, etc.
  - Budget performance for the previous year
  - Objectives and policies for the current year
  - Fiscal framework (estimates of revenue and expenditures)



# TU and budget context

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- Accordingly, if the trade union movement is to effectively interrogate the budget, it needs to understand factors influencing the preparation budget in its entirety:
  - The context within which the budget is presented
    - International and local economic influences
  - The medium term expenditure frameworks
    - This governs expenditure patterns as agreed with external IFIs
  - How the budget performed during the previous year, including its audit



# TU and budget context

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- The existing economic and social policy framework informing budget's macroeconomic and sector policies
  - For instance, the TU must have sight of Govt-IMF LOI and MOU on economic and social policies



# TU and budget process

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- The basic stages in the budget process are:
- Stage 1: **Design/Drafting**
  - The drafting stage starts once the submissions are received from line ministries and other stakeholders and in most PRSP countries this completion of this stage is marked by the publication of the so called MTEF green paper.
    - At this stage, therefore, TUs need to be proactive and ensure that their concerns ( pre-budget submissions) are formally brought to the attention of treasury authorities.



# TU and budget process

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- Stage 2: **Legislative phase/ approval**
  - This starts with the Minister of Finance's presentation of budget to parliament.
    - At this stage the involvement of trade becomes limited and restricted to advocacy, lobbying and engagement with selected committees of parliament.





# TU and budget process

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- Stage 3: Budget execution/ implementation
  - At this stage, trade union ought to concern itself with the effectiveness and efficiency with which funds are utilised;
    - As such, the TU needs to look out for issues of service delivery, overspending, misuse and misapplication.
      - An effective way of doing this is to evolve appropriate mechanism for expenditure tracking, where this is feasible



# TU & budget process

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- **Stage 4: Auditing/evaluation**
  - In most countries auditing of the budget is done by the auditor general who provides oversight over whether funds have been spent on the authorised items
    - The role of the TU at this stage may be limited.
      - However, it at this stage that they need to be in sync with other civil society voices calling for prudential utilisation of public resources.



# TU and applied Budget work

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- Other practical ways in which the TU may be involved in budget work would include:
  - Budget literacy work
  - Assessing the budget process and its system
  - Analysis of budget policies



# Budget literacy work

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- TUs are better placed to enhance budget literacy among their ranks thru:
  - Production of budget guides
  - Budget training
  - Other budget information dissemination means



# Assessing budget processes

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- This involves studies of budget systems looking out for issues of transparency, participation and other important budgeting principles.
  - Such studies will look at:
    - Analysis of budget decision-making process
    - Areas of that need more openness for the process to be more transparent and participatory
    - Budget process and system studies which should lead to Tus pressing for budget reforms for less opaque governments systems so that the citizens have more say in the whole process of budgeting.



# Analysis of budget policies

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- Trade unions are better placed to undertake analysis of budget policies focussing on the implications of the budget on various labour market dimensions.
  - e.g. employment, wages, taxes, social protection, skills development etc.



# Practical exercise

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- How best can trade unions participate in budget expenditure tracking? Please suggest practical ways in which this may be done and possibly cite ‘best practice examples’ that you may be aware of.
- How best can the trade unions ensure that their budget submissions are included in the national budget?