



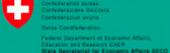
International Monetary Fund - IMF
Regional Technical Assistance Center
 Building macroeconomic capacity in East Africa




Principles of Clear Budget Communications

Greg Rosenberg
 Regional Public Financial Management Workshop
 Strengthening Budget Documentation
 Entebbe, Uganda
 November 2017





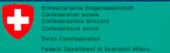


Theme 4 overview



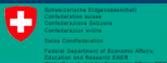
- Module 1: Core principles**
 - Accuracy
 - Audience
 - Analysis
 - Clear thinking and clear writing
 - Policy focus and narrative
 - Clarity, simplicity and logic
 - Professionalising the production process
- Module 2: Practical exercise session**
 - Applying the lessons from module 1
- Module 3: Peer review session**
 - Final assignment and group discussion of outcomes







Module 1: Core principles



What's in a name?

Budget

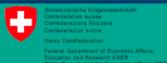
From the Latin *bulga* (to bulge) came *bouge* in Middle French, meaning a bag; or *bougette*, the diminutive.

Non, ce n'est pas une baguette.



In the early 18th Century, the ministers of the British Crown carried their expenditure plans to Parliament in a large leather bag, which was referred to as the budget.

– Webber and Wildavsky



Monetary policy clarity

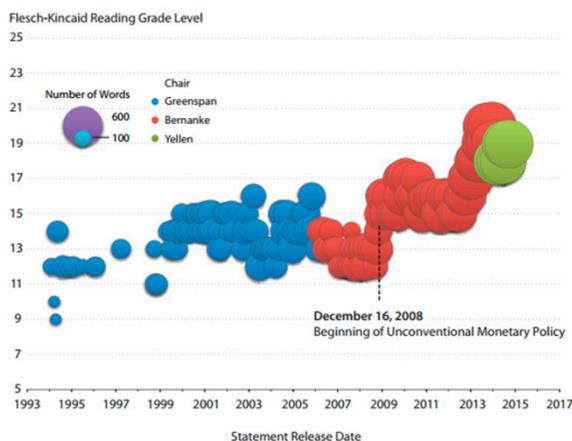
In the very short run, clear communication helps to increase the near-term predictability of [policy] rate decisions, which reduces risk and volatility in financial markets and allows for smoother adjustment of the economy to rate changes.

– Ben Bernanke



Grading the Fed's readability

FOMC Statements: Reading Grade Level and Length



How are we doing?

Findings from the Open Budget Survey 2015 reveal that the vast majority of people live in countries that have inadequate systems for ensuring accountable budgets.

Most countries surveyed provide insufficient information for civil society and the public to understand or monitor budgets, and only a small fraction of countries have appropriate mechanisms for the public to participate in budget processes.

– Open Budget Index



Open Budget Index

OPEN BUDGET SURVEY 2015 MALAWI

TRANSPARENCY (OPEN BUDGET INDEX) 65 <small>OUT OF 100</small> The Government of Malawi provides the public with substantial budget information.	PUBLIC PARTICIPATION 44 <small>OUT OF 100</small> The Government of Malawi provides the public with limited opportunities to engage in the budget process.	BUDGET OVERSIGHT 67 42 <small>OUT OF 100</small> <small>OUT OF 100</small> BY LEGISLATURE: Budget oversight by the legislature in Malawi is adequate. BY AUDIT: Budget oversight by the supreme audit institution in Malawi is limited.
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OPEN BUDGET SURVEY 2015 UGANDA

TRANSPARENCY (OPEN BUDGET INDEX) 62 <small>OUT OF 100</small> The Government of Uganda provides the public with substantial budget information.	PUBLIC PARTICIPATION 23 <small>OUT OF 100</small> The Government of Uganda is weak in providing the public with opportunities to engage in the budget process.	BUDGET OVERSIGHT 55 75 <small>OUT OF 100</small> <small>OUT OF 100</small> BY LEGISLATURE: Budget oversight by the legislature in Uganda is limited. BY AUDIT: Budget oversight by the supreme audit institution in Uganda is adequate.
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OPEN BUDGET SURVEY 2015 KENYA

TRANSPARENCY (OPEN BUDGET INDEX) 48 <small>OUT OF 100</small> The Government of Kenya provides the public with limited budget information.	PUBLIC PARTICIPATION 33 <small>OUT OF 100</small> The Government of Kenya is weak in providing the public with opportunities to engage in the budget process.	BUDGET OVERSIGHT 49 67 <small>OUT OF 100</small> <small>OUT OF 100</small> BY LEGISLATURE: Budget oversight by the legislature in Kenya is limited. BY AUDIT: Budget oversight by the supreme audit institution in Kenya is adequate.
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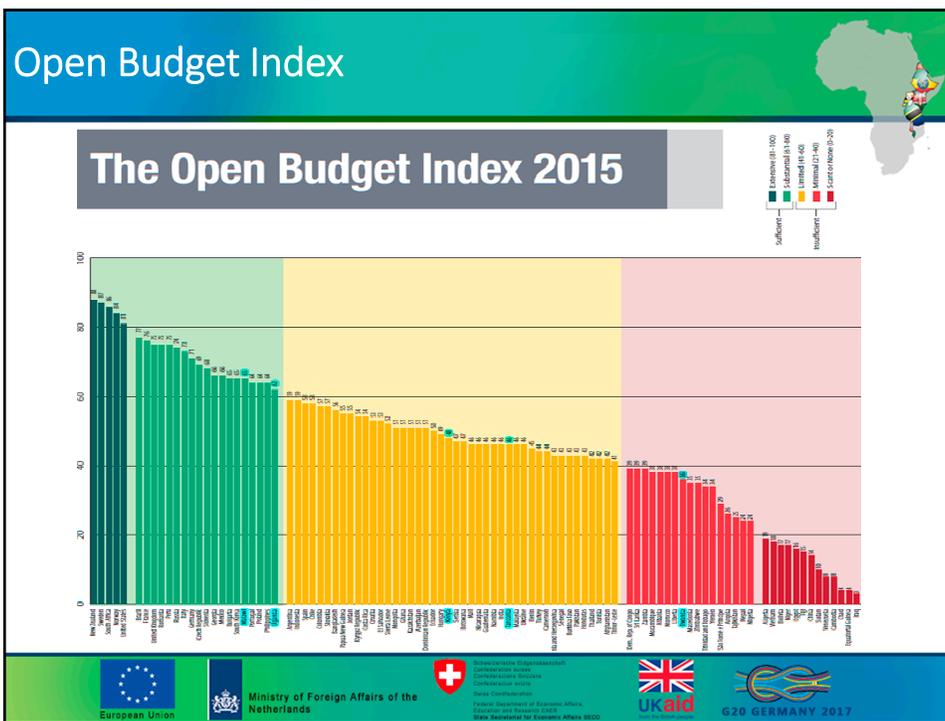
OPEN BUDGET SURVEY 2015 TANZANIA

TRANSPARENCY (OPEN BUDGET INDEX) 46 <small>OUT OF 100</small> The Government of Tanzania provides the public with limited budget information.	PUBLIC PARTICIPATION 33 <small>OUT OF 100</small> The Government of Tanzania is weak in providing the public with opportunities to engage in the budget process.	BUDGET OVERSIGHT 39 50 <small>OUT OF 100</small> <small>OUT OF 100</small> BY LEGISLATURE: Budget oversight by the legislature in Tanzania is weak. BY AUDIT: Budget oversight by the supreme audit institution in Tanzania is limited.
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OPEN BUDGET SURVEY 2015 RWANDA

TRANSPARENCY (OPEN BUDGET INDEX) 36 <small>OUT OF 100</small> The Government of Rwanda provides the public with limited budget information.	PUBLIC PARTICIPATION 25 <small>OUT OF 100</small> The Government of Rwanda is weak in providing the public with opportunities to engage in the budget process.	BUDGET OVERSIGHT 52 25 <small>OUT OF 100</small> <small>OUT OF 100</small> BY LEGISLATURE: Budget oversight by the legislature in Rwanda is limited. BY AUDIT: Budget oversight by the supreme audit institution in Rwanda is weak.
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And the award goes to...

Investing in a Growing Economy

The outlook for the economy is positive and the Crown's books are in good shape.

- Real GDP growth of 2.8 per cent on average over the next five years.
- Rising surpluses and net debt falls to 19.3 per cent of GDP in 2020/21.
- Over 200,000 more jobs over the last three years and another 170,000 expected by 2020.
- The average wage is expected to rise to \$63,000 a year by 2020.

New spending in Budget 2016

- Net new operating spending in Budget 2016 averages \$1.6 billion a year.
- Net new capital expenditure in Budget 2016 totals \$1.4 billion. Additional investment funded by capital re-prisitalisation takes the total new capital spend in Budget 2016 to \$2.6 billion.

The Government's fiscal priorities

- Maintaining rising surpluses to reduce debt in dollar terms.
- Reducing net debt to around 20 per cent of GDP by 2020.
- If economic and fiscal conditions allow, beginning to reduce income taxes.
- Using any further fiscal headroom to reduce debt faster.

Education

Early childhood
\$387 million to meet growing demand for early childhood education by providing places for around 14,000 more children.

School property
\$883 million to deliver 480 new classrooms, nine new schools and two school expansions.

High needs
\$42 million for students with high and special educational needs.

Justice sector

Corrections
\$396 million to reduce reoffending and meet recent growth in the prison system.

Police
\$299 million, including \$49 million from a Budget 2015 contingency, primarily to meet wage increases.

Justice and courts
\$208 million to address family violence and ensure the justice system better caters for victims of crime.

Housing

Healthy homes
\$36 million to ensure more families live in warmer, drier and healthier homes.

Social and emergency housing
\$258 million, including for 750 additional social housing places and 3,000 emergency housing places a year.

Auckland housing
\$100 million to free up underutilised Crown land in Auckland.

Environment

Emissions Trading Scheme
Phasing out the Emissions Trading Scheme one-for-two subsidy.

Freshwater improvement
\$100 million over ten years to clean up degraded lakes, rivers and streams.

Pest control and invasive weeds
\$21 million for targeted pest control and \$16 million to eradicate invasive wilding pines.

ECONOMIC AND FISCAL OUTLOOK

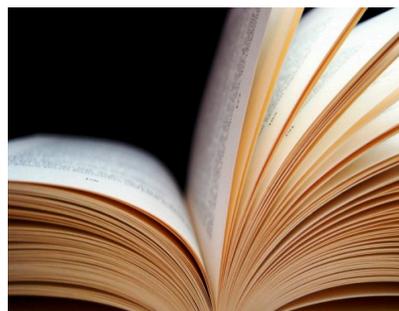
The outlook for the economy is positive. The Treasury forecasts economic growth of around 2.8 per cent over the next five years. This is expected to reduce the unemployment rate to below 6 per cent in 2018. Inflation is currently low but is forecast to reach 2 per cent in 2017.

Global trading conditions remain challenging
The outlook for trading partner growth has deteriorated and export commodity prices, particularly for dairy products, remain soft.

Logos: European Union, Ministry of Foreign Affairs of the Netherlands, UKaid, G20 GERMANY 2017

Why a clear budget matters

- Helps readers (and writers) understand the budget
- Supports accountability, transparency and democracy
- Strengthens service delivery and good governance
- Underpins institutional credibility
- Strengthens engagements across government, and with donors, multilateral institutions and ratings agencies
- Provides a stronger policy tool



Budgets should tell a story



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Citizen's Budgets

- A clear and simple summary guide issued at the time of the budget.
- Plain, accessible language.
- Intended for broad distribution.
- Summarise recent economic developments.
- Explain main objectives of budget, list key changes and/or new policies proposed
- Show how revenue is to be raised, spending is to be allocated, and financing achieved.



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Principles of clear communication



- Accuracy is essential
- Focus on your audience
- To write clearly, think clearly
- Maintain a thematic policy focus
- Structure documents logically
- Tell a story



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Accuracy is key to credibility

2016 Nigerian Budget scandal

President Muhammadu Buhari vowed late Tuesday that all those involved in the “padding” of the 2016 National Budget will face the most severe punishment.

Addressing the Nigerian community in Saudi Arabia, President Buhari condemned the distortion of the budget proposals by entrenched interests.

The president said the “unauthorised alterations” had completely changed the document from the one he presented to the National Assembly.

– *Premium Times*, 24 February 2016



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Speak to your audience

- Who is the budget written for? Define your target audiences and their needs
- Convey economic ideas clearly for the non-specialist
- Avoid the cut-and-paste approach
- Not written for “those who will understand”



Lesson from literature: It's about the reader

The best writing is not about the writer, the best writing is absolutely not about the writer, it's about us, it's about the reader.

– Ben Okri



What about those fundamentals?



European Union | Ministry of Foreign Affairs of the Netherlands | Swiss Confederation | UKaid | G20 GERMANY 2017

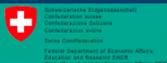
Think about your readers: Avoid jargon



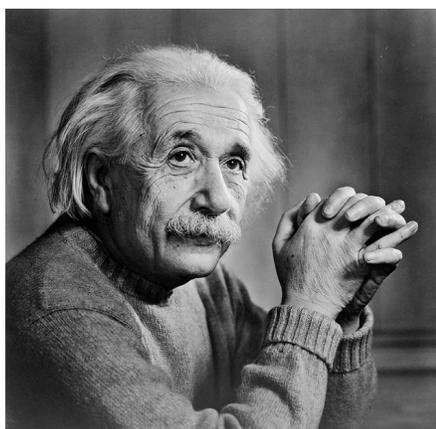
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Think about your readers: Avoid jargon

The Average Time to Maturity (ATM) of existing debt portfolio is 13.1 years excluding BOT liquidity bills or 12.7 years with BOT liquidity bills. The long ATM of the external debt portfolio emanates from the dominance of concessional loans, which have maturities of up to 50 years.

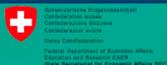


Think about your readers



If you can't explain it simply, you don't understand it well enough.

– Albert Einstein



Think about your readers: Explain terms



How South Africa's 2017 Budget Review explained fiscal consolidation

Fiscal policy is focused on containing the budget deficit and slowing the pace of debt accumulation.



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Think about your reader: Explain terms



A good example from Tanzania's Budget Speech:

Liquidity is the amount of money in the economy which is quickly available for investment and spending. High liquidity is when money is easy to get as opposed to tight liquidity when money is difficult or expensive to get.



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Consider a glossary of technical terms



Glossary

Accounting officer	The public servant in a department who is accountable to Parliament for financial management, usually the director-general or head of the department.
Accrual	An accounting convention by which payments and receipts are recorded as they occur, even if no cash flow takes place.
Acquisition debt	Debt used to purchase shares or assets.
Ad valorem duties	Duties levied on commodities as a certain percentage of their value.
Adjustments estimate	Presentation to Parliament of the amendments to be made to the appropriations voted in the main budget for the year.
Administered prices	Prices set outside ordinary market processes through administrative decisions by government, a public entity or a regulator.
Allocated expenditure	The part of the national budget that can be divided between the national, provincial and local spheres of government, after interest and the contingency reserve have been taken into account.



Simplify



Orwell on modern language

I returned and saw under the sun, that the race is not to the swift, nor the battle to the strong, neither yet bread to the wise, nor yet riches to men of understanding, nor yet favour to men of skill; but time and chance happeneth to them all.

Here it is in modern English:

Objective considerations of contemporary phenomena compel the conclusion that success or failure in competitive activities exhibits no tendency to be commensurate with innate capacity, but that a considerable element of the unpredictable must invariably be taken into account.



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Orwell on clear thinking



Modern English, especially written English, is full of bad habits which spread by imitation and which can be avoided if one is willing to take the necessary trouble. If one gets rid of these habits one can think more clearly, and to think clearly is a necessary first step toward political regeneration: so that the fight against bad English is not frivolous and is not the exclusive concern of professional writers.

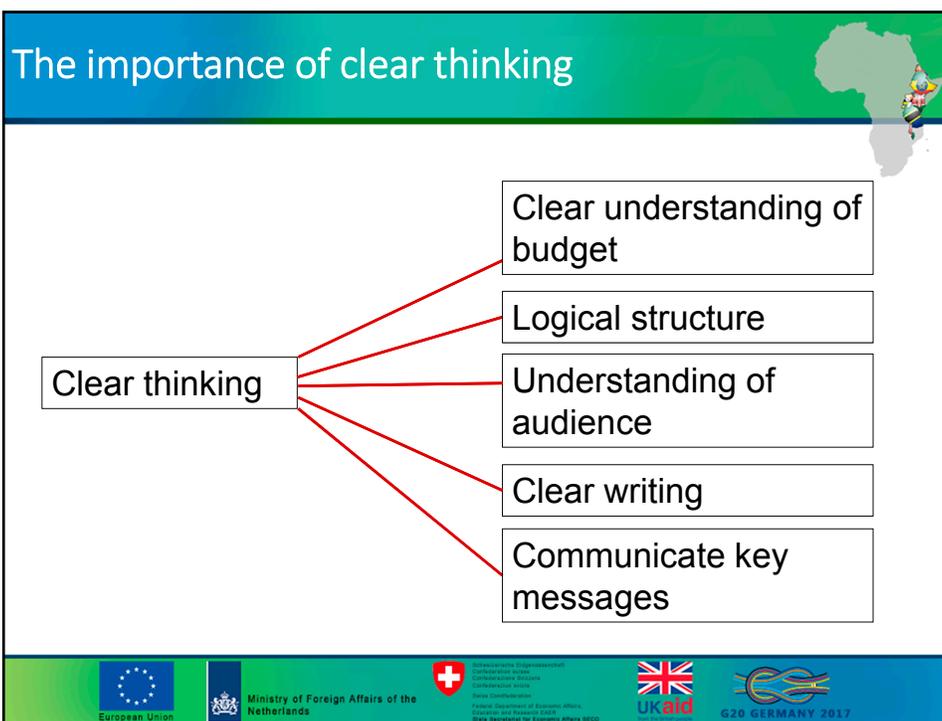


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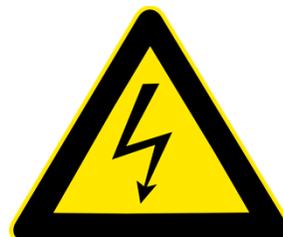
Write clearly to think clearly

Clear writing produces clearer thoughts. Sloppy writing produces sloppier thoughts. This is a natural consequence of the fact that anything stored in connections between neurons is part of a biochemical and electrical dynamic feedback loop. When we access one of these loops, we change it and connect it to other loops. To use an analogy from computer science, accessing neurons is never just a read. It is always a read and a rewrite.

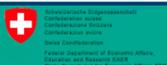
– Paul Romer

Write clearly to think clearly

Even if all your friends talk about monetary shocks, that doesn't mean that you can use this phrase without thinking about what it means.



– Paul Romer



How budgets can communicate policy

It is through the budget that governments translate many of their key policy goals into action.

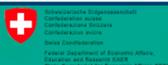
– *Guide to Transparency in Government Budget Reports*
International Budget Partnership



Thematic approach

Rwanda's 2015/16 Budget Speech clearly states its theme upfront:

Even though since 2010 Government has been implementing strategic policies aimed at addressing the infrastructure needs in order to increase export of goods and services it is still necessary to do more in these areas. It is in the light of the importance attached by Government to the infrastructure and export policies that the Government has chosen the topic **'Infrastructure development for social and economic transformation'** as the theme for the budget and economic policy statement for fiscal year 2015/16. The policies in the budget as well as in the medium term have therefore been designed to focus on infrastructure development and export promotion.



The budget document as a policy tool

South Africa, 2012 Medium Term Budget Policy Statement

The narrowing of fiscal space, in combination with the erosion of the link between budget inputs and social outputs, implies the need for additional measures to secure the country's fiscal footing and improve the quality of spending. Over the next three years spending growth will remain stable and well contained... **If, however, the substantial risks to the outlook materialise and the economic environment deteriorates, realising these fiscal objectives will require a reconsideration of current spending and revenue plans. In a lower-growth scenario, an appropriate balance between spending restraint and new revenue initiatives would be necessary.**

2012



The budget document as a policy tool

South Africa, 2014 MTBPS

The 2012 Medium Term Budget Policy Statement pointed out that if the economic and fiscal outlook were to deteriorate, a reconsideration of expenditure and revenue plans would be warranted. In the 2013 Budget, government trimmed its spending plans and reduced the unallocated contingency reserve. Eight months ago, the 2014 Budget stated that additional measures to ensure fiscal sustainability would be required if the economic outlook were to worsen.

That turning point has been reached.



The budget document as a policy tool

2014 MTBPS continued...

Government proposes a series of measures to narrow the deficit and stabilise debt over the medium term. The five elements of the fiscal package are as follows:

- Reduce growth in spending. Government will lower its 2014 Budget expenditure ceiling by R25 billion over the next two years.
- Adjust tax policy and administration. Proposals will be introduced in the 2015 Budget to generate additional revenue of at least R27 billion over the next two years.
- Strengthen budget preparation. Government will place greater emphasis on longer-term planning and efficient resource allocation, within a fiscal framework that links aggregate expenditure and economic growth beyond the medium term.
- Freeze government personnel headcounts. Government will also review funded vacancies.

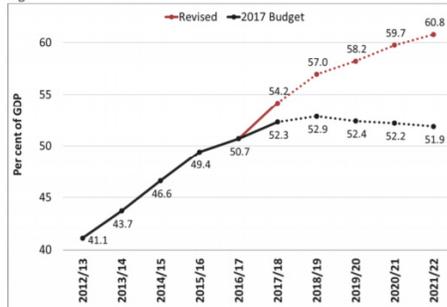


How budgets can communicate policy

South Africa, 2017 MTBPS

This year, a sharp deterioration in revenue collection and further downward revisions to economic growth have significantly eroded government's fiscal position.... Over the medium term, government is committed to maintain the ceiling on non-interest expenditure. New spending priorities will have to be met by funds reallocated from within existing limits. Any adjustments to the ceiling itself would need to be matched by revenue increases.

Figure 3.1 Gross debt-to-GDP outlook without additional fiscal measures



Logos for European Union, Ministry of Foreign Affairs of the Netherlands, Swiss Confederation, UKaid, and G20 GERMANY 2017.

Restructuring for logic and access (Zimbabwe)

2016 National Budget Statement	Revised structure for 2017
<ol style="list-style-type: none"> 1. Motion 2. Introduction 3. Arrears Clearance 4. Economic overview 5. Budget Framework 6. Revitalising Agriculture 7. Advancing Beneficiation/Value Addition 8. Encouraging Private Sector Investment 9. Unlocking the Potential of SMEs 10. Infrastructure Development & Utilities 11. Social Services 12. Development Partner Support 13. Financial Sector Stability 14. Government Finances 15. Revenue Measures 16. Governance and Performance Management 17. Anti-Corruption Thrust 18. Sustainable Development Goals 19. Conclusion <p>Annexures</p>	<p>Foreword (Minister or Permanent Secretary)</p> <ol style="list-style-type: none"> 1. Overview 2. Economic outlook 3. Fiscal framework 4. Debt and external payment arrears 5. Expenditure proposals 6. Revenue measures 7. Spending plans 8. Structural policy initiatives <p>Annexures:</p>

Logos for European Union, Ministry of Foreign Affairs of the Netherlands, Swiss Confederation, UKaid, and G20 GERMANY 2017.

Telling a story



Telling a story

Economic and Fiscal Outlook

The New Zealand economy continues to expand. Forecasts in the accompanying *Half Year Economic and Fiscal Update* show economic growth averaging around 2.7 per cent a year over the next five years (Table 1).

The economy hit an unexpected soft patch, however, in the first half of 2015, when global concerns and falling dairy prices knocked business and consumer confidence. Looking ahead, real Gross Domestic Product (GDP) growth is expected to be weaker over the next two years than was forecast in the *Budget Update*, although stronger in 2018 and 2019 (Figure 1).

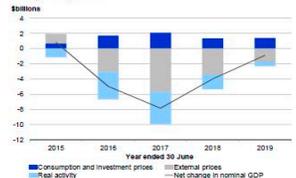
This lower-than-expected near-term growth, together with weaker export prices, means the nominal economy (the dollar value of what New Zealand produces) is forecast to be around \$17 billion lower over the five years to June 2019 than was expected in the *Budget Update* (Figure 2). In turn, this flows through to slightly less tax revenue and therefore slightly lower operating balances, compared to forecasts in the *Budget Update*.

Figure 1 – Real GDP growth



Sources: The Treasury, Statistics New Zealand

Figure 2 – Changes in nominal GDP since Budget Update



Sources: The Treasury, Statistics New Zealand

Telling a story



Fiscal Strategy

The marked fiscal turnaround over the past five years reflects both the recovering economy and ongoing, considered restraint in government spending.

The Government's focus has been on improving public sector productivity, achieving results and getting on top of the longer-term drivers of spending. It has managed to drive substantial improvements to public services in part because of, rather than in spite of, tight financial constraints.

None of the forecast revisions in the *Half Year Update* change the Government's overall fiscal strategy – keeping a tight rein on spending, focusing on results from public services, starting to pay down debt and looking to return any excess revenue on top of this to taxpayers.



European Union



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Swiss Confederation
Federal Department of Economic Affairs,
Education and Research (SED)
Bonn, Switzerland for Economic Affairs (SECO)



UKaid



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The danger of a single narrative



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Federal Department of Economic Affairs,
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Bonn, Switzerland for Economic Affairs (SECO)



UKaid



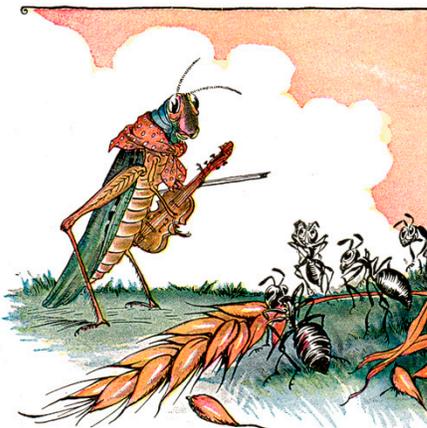
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Complexity and simplification

The Grasshoppers And The Ants – A Modern Fable

Martin Wolf, *Financial Times*, 25
May 2010

Everybody in the west knows the fable of the grasshopper and the ant. The grasshopper is lazy and sings away the summer, while the ant piles up stores for the winter. When the cold weather comes, the grasshopper begs the ant for food. The ant refuses and the grasshopper starves. The moral of this story? Idleness brings want.



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Make complex information accessible

Wolf continued:

Yet life is more complex than in Aesop's fable. Today, the ants are Germans, Chinese and Japanese, while the grasshoppers are American, British, Greek, Irish and Spanish. Ants produce enticing goods grasshoppers want to buy. The latter ask whether the former want something in return. "No," reply the ants. "You do not have anything we want, except, maybe, a spot by the sea. We will lend you the money. That way, you enjoy our goods and we accumulate stores.



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The importance of a coherent economic story



Donald Trump's victory exposed a problem that existed regardless of the Electoral College tally: Democrats do not have a coherent economic story that can appeal to people on the wrong side of the growing inequality divide. People who think their financial situation is worse than four years ago voted for Trump by an astounding 78-19 margin.

– James Kwak



Developing a budget narrative



Ways to improve budget communications

- Include more analysis
- Improve readability
- Use clear language – write for a non-technical audience
- Reduce density and unnecessary detail
- Prefer concreteness to abstract or vague statements
- Use tables, graphs, highlight boxes and text boxes
- Determine what to include and use annexures (document length)
- Look ahead: by definition, a budget is forward looking



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Analyse this



Overall, total Expenditure and Net Lending registered under expenditure of K36.5 billion. A total of K766.3 billion was spent against the Mid-Year target of K802.8 billion. This is mainly explained by underperformance in Development Expenditure by K41.3 billion. (Malawi)

The shortfall in ordinary revenue was mainly on account of underperformance in import related revenues namely; import duty, VAT imports and IDF fees. (Kenya)



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Analyse this

In 2015 Malawi's growth slowed down substantially to 3.1 percent from the 6.2 percent registered in 2014. The slowdown is primarily attributed to the erratic weather conditions that adversely affected the 2015 harvest, namely the late on-set of rains and floods in January 2015, followed by dry spells. The undesirable performance in the agricultural sector in turn affected the performance of other main sectors of the economy, such as wholesale and retail trade which declined from 6.3 percent in 2014 to 4.9 percent in 2015.

(Malawi)



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Analyse this

In terms of external financing, external assistance is projected to broadly remain at the FY2015/16 levels and fall by about 32% the following year.

A key important aspect of external assistance in recent years is the low disbursement for the various projects and programmes funded by different multilateral agencies, which are an indication of capacity challenges and a lack of preparedness on behalf of the implementing agencies.

Continued poor performance may make it difficult for Government to access soft loans, since commitment and disbursement decisions are based on recipient's abilities to meet project objectives during planned timelines.

(Uganda)



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Analyse this

To ensure that the fiscal framework is sustainable over the medium-term expenditure framework (MTEF) period, the 2016 Budget proposals will increase the tax-to-GDP ratio from 26.3 per cent in 2015/16 to 27.8 per cent in 2018/19.

The ratio of tax collection to GDP is a standard measure of a country's overall tax burden. In South Africa, the national tax-to-GDP ratio has averaged just below 25 per cent since 1994. Strong economic growth during the early 2000s led to a peak of 27.6 per cent in 2007/08, after which the ratio dropped to 24.4 per cent in 2009/10.

South Africa's tax burden sits roughly between the average for developing and developed economies. While personal and corporate income taxes are relatively high, the VAT rate is lower than in most other jurisdictions, especially those with high levels of social spending.

Table 4.1 Tax burden and tax rates in selected countries

	Tax-to-GDP ratio	Personal income tax ¹	Corporate income tax	Value-added tax ²
Sweden	42.7	56.9	22.0	25.0
Germany	36.1	47.5	30.2	19.0
Russia	34.8	13.0	20.0	18.0
Brazil ³	33.4	27.5	34.0	17.0 - 19.0
Spain	33.2	52.0	28.0	21.0
UK	32.6	45.0	20.0	20.0
Canada	30.5	49.5	26.3	5.0
Turkey	28.7	35.8	20.0	18.0
Australia	27.5	46.5	30.0	10.0
South Africa ⁴	25.7	41.0	28.0	14.0
Chile	19.8	39.5	22.5	19.0
China	19.4	45.0	25.0	17.0
Kenya	16.2	30.0	30.0	16.0
Ghana	16.1	25.0	25.0	15.0
Rwanda	13.9	30.0	30.0	18.0



Simplifying the South African budget

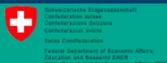
Category	2004	2017
Length exc. tables, annexes	170 pages	110 pages
	<p>Services performed in South Africa for a foreign resident are generally zero-rated if that foreign resident (or representative) is located outside South Africa at the time of performance. However, certain foreign residents are attempting to claim zero-rating even though the services at issue are wholly received by a VAT registered enterprise within South Africa (where standard rating is the only appropriate policy result). It is accordingly proposed that the rules involving zero-rating for services to foreign residents be clarified.</p> <p>Flesch Reading Ease Index (higher score = easier to read): 16.2</p>	<p>In 2015, amendments were made to the VAT Act to abolish the zero rating of the supply of goods and services for government's national housing programme, with effect from 1 April 2017. However, neither the National Treasury nor municipalities are ready to make the VAT amendments.</p> <p>It is proposed that the effective date for this amendment be postponed for two years.</p> <p>Flesch Reading Ease Index: 40.5</p>



Assessing readability

The base for ordinary revenue projections is higher than the actual outcome by about Ksh. 26.2 billion; as such there will be a downward base effect adjustment in ordinary revenues for FY 2016/17 and the medium term. This adjustment in revenues is expected to translate to a mix of downward adjustment in expenditure projections and an upward adjustment in financing for the FY 2016/17. In addition, adjustments will be made to fiscal aggregates to reflect revisions in the macroeconomic projections as well as revenue performance for the first two months of FY 2016/17. (Kenya)

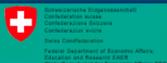
Flesch-Kincaid Reading Ease: 26.4



Assessing readability

Note that this marginal increase will raise Shs. 60 billion, which will be used to develop and maintain our road network. With a developed road network, you will spend less time and money to travel from one place to another. (Uganda)

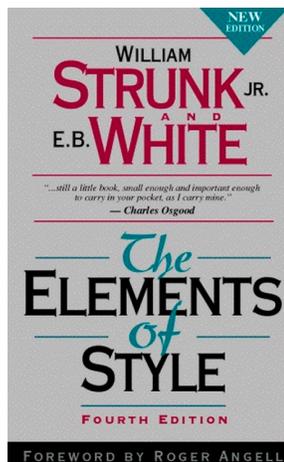
Flesch-Kincaid Reading Ease: 65.9



Omit unnecessary words

Vigorous writing is concise. A sentence should contain no unnecessary words, a paragraph no unnecessary sentences, for the same reason that a drawing should have no unnecessary lines and a machine no unnecessary parts.

– *The Elements of Style*



Ministry of Foreign Affairs of the Netherlands



Confédération suisse
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Reduce unnecessary detail

The global economy is experiencing a period of growth slowdown in the volume of international trade mainly driven by subdued demand, particularly in investment, which is necessary for generating international trade flows in the form of capital goods and intermediate inputs.
(Kenya)



Ministry of Foreign Affairs of the Netherlands



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Clear language



Original (Rwanda)

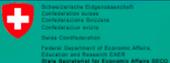
In the case of outlays, the major focus in the medium term is to implement a prioritization policy that will allocate adequate resources for the completion of on-going strategic investment and social protection projects and programs.



Edited

Over the medium term, we will ensure strategic investment and social protection projects and programs have the resources they need.







Avoid flowery, ornate sentences



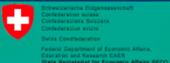
While there are still some hurdles militating against our socio-economic transformation agenda, some milestones were achieved in a number of areas, including advancement of the re-engagement process.

(Mid-Year Statement, Zimbabwe)

Pursuant to this, a Mission will be coming to Zimbabwe over the period 19-20 January 2015 to discuss further implementation modalities of legislative systems and institutional arrangements with various relevant stakeholders.

(National Budget Statement)







Density

External resources: The total grants and loans received for 2011/12 were shillings 3,035.9 billion, equivalent to 77.4 percent against the annual estimates of shillings 3,923.7 billion. The annual foreign collection exceeded by 2.1 percent of the corresponding previous year. Of this amount, shillings 2,026.5 equivalent to 13.6 percent higher than the previous year was grants and shillings 1,009.4 was loans received. The grants received during the year consisted of Program support of shillings 720.3 billion being 2.8 percent increase from the estimates; Project support shillings 795.6 billion being 69.2 percent of the estimates; Basket support shillings 289 billion being 73.7 percent of the estimates and MCC - USA shillings 221.6 billion being percent of the estimates. Disbursements under all categories exhibited a shortfall against their estimates and overall there was a growth of 113.6 percent compared to the disbursements received in 2010/11. On the other hand, loan received consisted Programme loans amounting to shillings 246.8 billion being 146.4 percent of estimates of shillings 168.6 billion, basket loans shillings 172.2 billion and project loans shillings 590.4 billion.



Density

External resources

In 2011/12, total grants and loans amounted to shillings 3,035.9 billion – about 77 percent of the annual estimate of 3,923.7 billion. Of this, grants totalled shillings 2,026.5 billion (an increase of 13.6 percent on the previous year) and loans totalled shillings 1,009.4 billion.

Overall, foreign collections increased by 2.1 percent between 2010/11 and 2011/12.

Grants received consisted of program support (shillings 720.3 billion), project support (shillings 795.6 billion), basket support (shillings 289 billion), and U.S. aid (shillings 221.6 billion).

Loans received consisted of programme loans (shillings 246.8 billion); basket loans (shillings 172.2 billion) and project loans (shillings 590.4 billion).

Disbursements under all categories fell short of their estimates, although they did grow growth by 113.6 percent between 2010/11 and 2011/12.



Density

External resources

In 2011/12, total grants and loans amounted to shillings 3,035.9 billion – about 77 percent of the annual estimate of 3,923.7 billion. Of this, grants totalled shillings 2,026.5 billion (an increase of 13.6 percent on the previous year) and loans totalled shillings 1,009.4 billion. Overall, foreign collections increased by 2.1 percent between 2010/11 and 2011/12.

Grants received consisted of:

- Program support (shillings 720.3 billion)
- Project support (shillings 795.6 billion)
- Basket support (shillings 289 billion)
- U.S. aid (shillings 221.6 billion).

Loans received consisted of:

- Programme loans (shillings 246.8 billion)
- Basket loans (shillings 172.2 billion)
- Project loans (shillings 590.4 billion).



Prefer concreteness to abstraction

World Bank annual report, 1958

The Congo's present transport system is geared mainly to the export trade, and is based on river navigation and on railroads which lead from river ports into regions producing minerals and agricultural commodities. Most of the roads radiate short distances from cities, providing farm-to-market communications. In recent years road traffic has increased rapidly with the growth of the internal market and the improvement of farming methods.

World Bank annual report, 2008

Countries in the region are emerging as key players on issues of global concern, and the Bank's role has been to support their efforts by partnering through innovative platforms for an enlightened dialogue and action on the ground, as well as by supporting South-South cooperation.

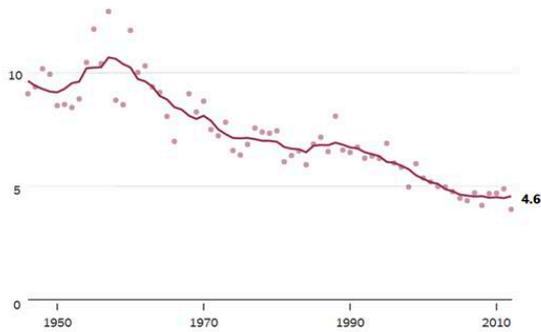


Prefer concreteness to abstraction

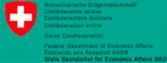


Losing Its Grip on Time

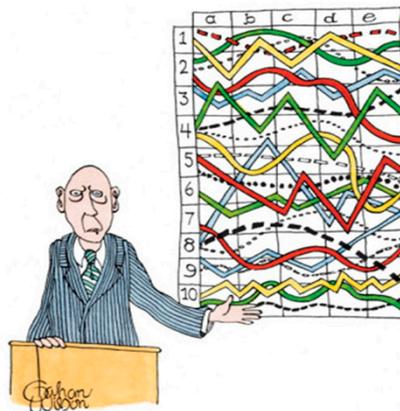
The number of temporal adverbs — like “now,” “recently” and “later” — per thousand words in World Bank reports.



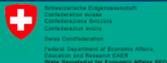
Source: Stanford Literary Lab



Death by detail



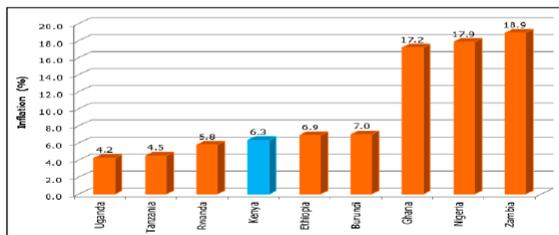
“I’ll pause for a moment so you can let this information sink in.”



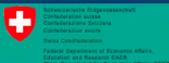
Using visual tools

90. Inflation rates within the EAC region have remained low due to prudent monetary and fiscal policy management and lower oil and commodity prices (Chart 3). High inflation rates in Ghana, Nigeria and Zambia reflects difficult economic conditions as a result of foreign currency shortages resulting from lower commodity revenues and slow policy adjustment.

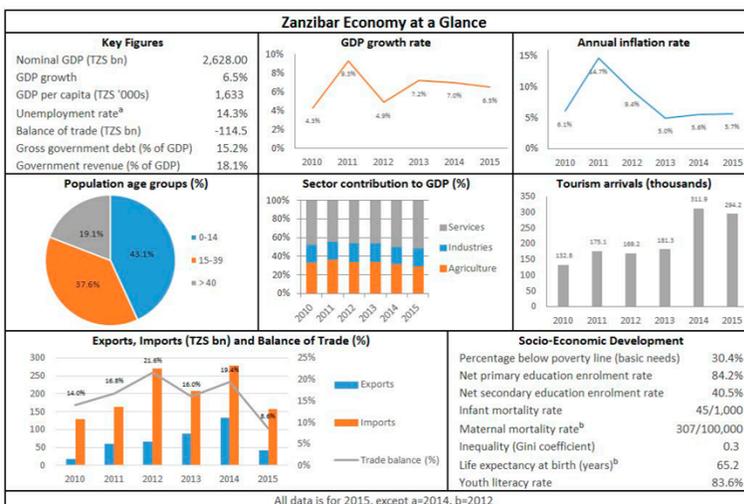
Chart 3: Inflation Rates in selected African Countries (September 2016)



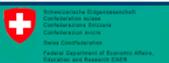
Source of data: National Central Banks



Using tables and graphs



All data is for 2015, except a=2014, b=2012



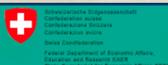
How long or short?

Uganda: National Budget Framework
Paper 2016/17 – 2020/21

435 pages

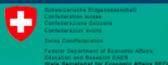
Rwanda: Budget Framework
Paper 2017/18 – 2019/20

46 pages



How long or short?

- Keep it fit for purpose
- Mind your audiences
- Ensure it is relevant
- Don't overload documents with technical detail
- Use annexures appropriately
- Practice the art of the summary



Looking ahead

Core budget documents need to have a forward-looking element, and set this out early for the reader. Most documents reviewed have such an element, but it can be strengthened.



Use highlight and text boxes

Government debt and contingent liabilities

In brief

- Government's net borrowing requirement – the amount needed to finance the budget deficit – is expected to decrease from R172.8 billion in 2015/16 to R151.3 billion in 2018/19. Net debt stabilises at 46.2 per cent of GDP in 2017/18.
- Government's foreign debt remains low, at 10 per cent of gross loan debt.
- In 2018/19, gross bond issuance in the domestic market will be the lowest since 2011/12, reflecting the outcome of fiscal consolidation.
- South Africa's deep and liquid domestic capital markets, and its access to international borrowing, continue to provide resources for government's financing needs. Domestic capital markets will remain the main source of borrowing.
- Global investors hold 32 per cent of rand-denominated government bonds. Their holdings are sensitive to any shifts in US monetary policy and South Africa's sovereign credit ratings.
- Over the medium term, government's borrowing strategy focuses on reducing the risks presented by the sharp increase in loan repayments beginning in 2016/17.
- The National Treasury has updated the framework for reporting government's contingent liabilities in line with international practice.

Figure 1.1 Prices of South Africa's major commodity exports, 2009 – 2016



Source: Bloomberg * 2016 only includes January



A visual budget summary

2017 BUDGET HIGHLIGHTS

ECONOMIC OUTLOOK

- GDP growth will gradually improve from 0.5 per cent in 2016 to 1.3 per cent in 2017 and 2 per cent in 2018, supported by improved global conditions and rising consumer and business confidence.
- Greater availability and reliability of electricity should also support stronger growth in 2018 and 2019.
- Consumer price inflation, after reaching 6.4 per cent in 2016, is expected to decline to 5.7 per cent by 2018.
- The current account deficit, after reaching 4 per cent in 2016, will come down to 3.7 per cent in 2018 and 3.8 per cent in 2019.
- Government will continue to stabilise investment through regulatory reforms and partnerships with independent power producers.
- Public-sector infrastructure bottlenecks will be addressed through reform and capacity building.
- During 2017/18, government will establish a new financing facility for large infrastructure projects.

BUDGET FRAMEWORK

- A budget deficit of 8.1 per cent of GDP is expected for 2016/17, narrowing to 2.6 per cent in 2019/20.
- Debt stock as a percentage of GDP is expected to stabilise at 48.1 per cent in 2020/21.
- The main budget non-interest expenditure ceiling has been lowered by K20 billion over the next two years.
- K20 billion in additional tax revenue will be raised in 2017/18. Measures to increase revenue by a proposed K10 billion in 2018/19 will be outlined in the 2018 Budget.
- K40 billion has been reprioritised through the budget process to ensure that core social expenditure is protected.
- Real growth in non-interest spending will average 1.9 per cent over the next three years. Apart from health and roads, post-2017 education is the fastest growing category, followed by health and social protection.

SPENDING PROGRAMMES

- Over the next three years, government will spend:
 - K102.6 billion on social grants;
 - K102.9 billion on transfers to universities, while the National Student Financial Aid Scheme will spend K54.3 billion;
 - K75.3 billion on basic education, including K40.3 billion for direct subsidies to schools, K10.3 billion for infrastructure, and K12.7 billion for learner and teacher support materials;
 - K1.4 billion on subsidised public housing;
 - K14.4 billion on water resources and bulk infrastructure;
 - K19.9 billion on transfers of the local government equivalent share to provide basic services to poor households;
 - K14.2 billion to support affordable public transport;
 - K20 billion on health, with K5.1 billion on the HIV/AIDS conditional grant.

TAX PROPOSALS

- In 2017/18:
 - A new top marginal income tax bracket for individuals combined with a partial relief for bracket creep will raise an additional K16.5 billion;
 - K16 billion will be collected through a higher dividend withholding tax rate, increases in fuel taxes and alcohol and tobacco excise duties will together increase revenue by K1 billion;
 - As soon as the necessary legislation is approved, government will implement a tax on sugary beverages;
 - A new excise tax on alcohol will be published for public consultation and tabling in Parliament by mid-2017.

2017 BUDGET KEY BUDGET STATISTICS

Full set of 2017 Budget data can be found in the statistical tables at the back of the Budget Review. The data on this page may differ from the statistical revenue due to classification, definition and rounding.

BUDGET REVENUE 2017/18

Income tax	1 265.3
Corporate tax	402.7
Income tax	278.7
Value added tax	232.8
Stamp on immovable property transactions	11.4
Main tax revenue	32.9
Subsidies	1 956.7
Total budget revenue	1 242.4
Interest on government debt	117.7
Consolidated budget revenue	1 124.7
Percentage of GDP	20.7%
Revenue	20.7%
Main budget revenue	20.2%

MACROECONOMIC PERFORMANCE AND PROJECTIONS

Percentage change	2015	2016	2017	2018	2019	2020
Real GDP	0.5	0.5	1.3	2.0	2.8	3.5
Consumer price inflation	7.0	6.4	5.7	5.3	4.9	4.6
Current account balance (as % of GDP)	-4.9	-5.1	-4.1	-4.0	-3.7	-3.8

CONSOLIDATED FISCAL FRAMEWORK

Balance	2015/16	2016/17	2017/18	2018/19	2019/20
Revenue	1 088.0	1 068.9	1 222.0	1 297.3	1 414.1
Expenditure	1 154.1	1 233.5	1 364.2	1 455.2	1 563.1
Budget balance	-66.1	-164.6	-142.2	-157.9	-149.0

DIVISION OF NATIONALLY RAISED REVENUE

Balance	2015/16	2016/17	2017/18	2018/19	2019/20
Revenue	1 088.0	1 068.9	1 222.0	1 297.3	1 414.1
Local government	82.6	87.1	103.3	103.3	121.5
Revenue available	1 005.4	981.8	1 118.7	1 194.0	1 292.6

CONSOLIDATED SPENDING 2017/18

Expenditure	Consolidated	2017/18	2017/18	2017/18	2017/18	2017/18	Total
Basic education	182.1	213.1	140.0	109.0	0.0	0.0	322.1
Health	173.0	330.0	112.0	59.0	0.0	0.0	574.0
Employment, labour affairs and social security	6.3	30.0	1.0	18.0	0.0	0.0	55.3
Transport, infrastructure and roads	7.6	3.4	1.0	0.0	0.0	0.0	12.0
Finance, insurance and non-financial institutions	15.6	32.1	30.0	10.0	0.0	0.0	87.7
Defence and order keeping	2.8	3.0	0.0	0.0	0.0	0.0	5.8
Law courts and justice	30.1	11.0	2.0	0.0	0.0	0.0	43.1
Public service	35.4	34.4	0.0	0.0	0.0	0.0	69.8
Home affairs	4.0	1.4	0.0	0.0	0.0	0.0	5.4
Human settlements and municipal infrastructure	16.8	13.1	0.0	0.0	0.0	0.0	29.9
Agriculture and development and land reform	11.9	6.7	0.0	0.0	0.0	0.0	18.6
Water, energy, communication and culture	1.8	3.2	0.0	0.0	0.0	0.0	5.0
General public services	82.2	20.4	0.0	0.0	0.0	0.0	102.6
Other services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	550.4	221.7	175.5	436.7	169.3	1 661.7	

Use highlight and text boxes

Sample highlights drawn from Malawi's 2014/15 fiscal performance chapter

- 2014/15 saw strong global economic growth, with emerging market growth driven by demand from advanced economies.
- Growth in Sub-Saharan Africa was buoyed by improved macroeconomic policies and greater political stability.
- Malawi's economy grew by 6.2 percent in 2014, before slowing to 3.1 percent in 2015, largely due to poor performance in the agricultural sector.
- The 2014/15 financial year closed with a fiscal deficit of K163 billion as a result of undercollected revenue and public debt interest.

Develop a professional production process

- Build a writing team
- Ensure a professional editing process
- Conduct proofreading and number checks
- Create a style sheet



Summary: approach to clear budget comms

- Strengthen thematic policy focus (tell a story).
- Draft budget with target audiences in mind.
- Each element should speak to overall policy goals.
- Strengthen analysis.
- Do not over explain charts and tables. Use annexures for subsidiary material. Avoid data dumping.
- Keep your writing concise, crisp and focused.
- Develop a professional production process.



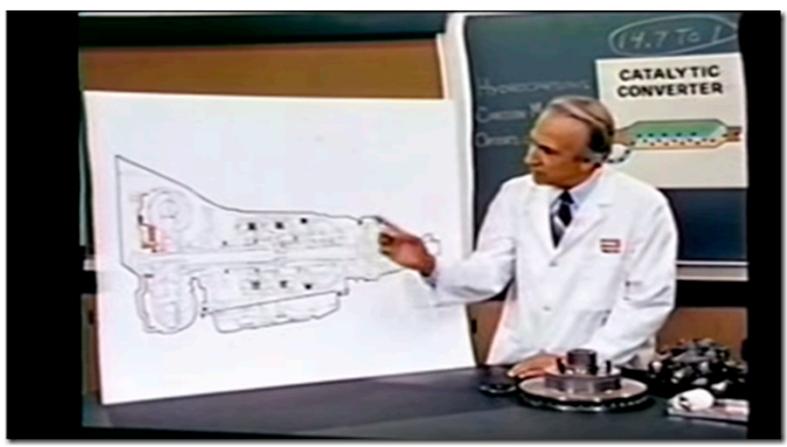
Principles of budget communication



Module 2 Practical Session



Keep it simple



Simplify 



Exercise: Rewrite this sentence, focusing on simplifying the language and removing/explaining jargon

Growth in Sub-Saharan Africa is estimated to have been 1.6 percent in 2016 compared to 3.4 percent in 2015, a slowdown to the lowest level in over two decades due to unfavourable external conditions and countries' domestic headwinds.

Simplify 



Possible solution

Sub-Saharan Africa's economy grew by an estimated 1.6 percent in 2016, down from 3.4 percent growth in 2015. This is the lowest growth the continent has seen in more than two decades, largely due to weak global performance, and increasing political and social pressures across the region.

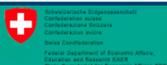
    

Logic



Exercise: Rewrite, focusing on improving the flow of logic

Almost 70% of development and recurrent expenditure is realized through public procurement therefore it is important to regulate, monitor and oversee public procurement in Malawi. Therefore, regulation of the procurement environment within procuring entities is vital in order to improve transparency, efficiency and value for money. Hence formulation, development and amendments of public procurement legislation and all related documents is vital. To achieve the broad justification, it is necessary to monitor the procurement system, the procurement activities of procuring entities, bidders and suppliers. Basically, assess the compliance of procurement legal framework. On top of that, capacity building is required in order to achieve and maintain the required standards of public procurement.

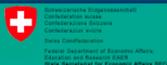


Logic



Possible solution

Public procurement accounts for nearly 70% of development and recurrent expenditure in Malawi. Ensuring transparency, efficiency and value for money in the procurement system is achieved through sound public procurement legislation. Once this foundation is in place, it is important to monitor the activities of procuring entities, bidders and suppliers to ensure compliance with the legal framework. Capacity building will also help maintain the required standards.



Concreteness  

Discuss how to make this sentence more concrete

The sector priorities for 2012/2013 – 2015/2016 among others include: Recruiting and deploying a good number of state attorneys on one-year contract basis who will be dealing with a large number of unattended cases.







Concreteness  

Solution

The sector priorities for 2012/2013 – 2015/2016 include:
 Recruiting and deploying **350** state attorneys on one-year contract basis who will be dealing with **more than 1 000** unattended cases.







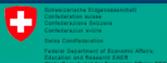
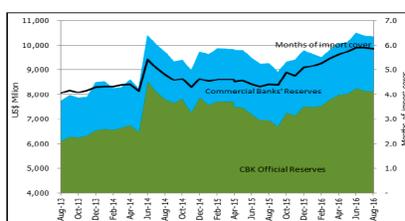
Avoid overwhelming detail



Exercise: Rewrite/cut this passage to avoid overwhelming your reader with detail

Foreign exchange reserves: The banking system's total foreign exchange holdings increased by 11.8 percent to US\$ 10,355 million in August 2016 from US\$ 9,265 million in August 2015 (Chart 11). This was due to the increase of the Official reserves held by the Central Bank (constituting the bulk of the gross reserves) to US\$ 8,144 million (5.5 months of import cover) in August 2016 from US\$ 6,963 million (4.4 months of import cover) in August 2015. However, reserves held by commercial banks decreased slightly to US\$ 2,211 million in 2016 from US\$ 2,303 million in 2015.

Chart 11: Official Foreign Exchange Reserves (US\$ million)



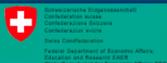
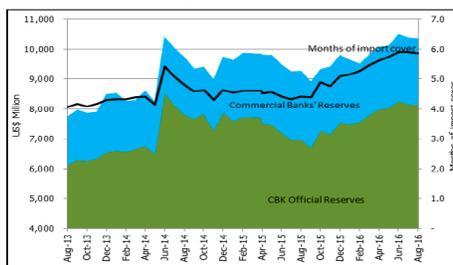
Avoid overwhelming detail



Possible solution

Foreign exchange reserves: The banking system's total foreign exchange holdings increased from \$9.2 billion in August 2015 to \$10.3 billion in August 2016. This was largely due to the increase in the Central Bank's official reserves from \$6.9 billion in 2015 to \$8.1 million a year later. However, reserves held by commercial banks decreased slightly over the same period.

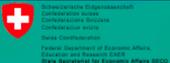
Chart 11: Official Foreign Exchange Reserves (US\$ million)



Theme  

Exercise: Identify the theme in this passage

The budget for FY 2016/17 and the medium term is premised on the favourable macroeconomic environment that Kenya continues to enjoy despite the risks from both within and external sources. The macroeconomic environment remains favourable, with the narrowing of the current account deficit due to lower import bill, strong diaspora remittances, stable Kenya shilling exchange rate against the dollar, the increase in the foreign exchange reserves and the strengthening of the foreign exchange market following the approval in March 14, 2016 of the new IMF Precautionary Arrangements amounting to US\$ 1,500 million which is expected to provide additional buffer against short term external and domestic shocks.

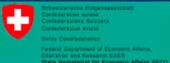
    

Theme  

Solution

Theme:

The macroeconomic environment remains favourable.

The art of the summary



Header:
A word or phrase at the beginning of a written passage that explains what it's about.

Executive summary:
A short summary of a longer document that helps readers quickly grasp the main points.

Summary sentence:
A sentence presenting the main point of a passage.



Summarising

Exercise: Draft a header and summary sentence

Growth is expected to remain at 5.0% in FY 2015/16, constrained by the higher commercial bank rates which are expected to hamper the private sector and a less-than-programmed fiscal expansion. Growth is however expected to pick up to 5.8% in FY2016/17, mainly driven by a scale up in public infrastructure spending and a rebound in private sector activity following the general election. Private sector investment is expected to receive a boost as the monetary policy stance normalizes and FDI inflows linked to the planned issuance of oil production licenses come on board.

In the medium term, growth is expected to average 6.2% per annum owing to the impact of public investment projects. The stimulatory impact of new public investment projects will begin to have a large impact on growth from FY2017/18, when the economy is expected to surpass its medium-term objective of at least 6% real growth per annum.



Summarising 

Possible solution

Header:

Economic growth

Summary sentence:

GDP growth is expected to remain at 5% in 2015/16, gradually increasing to average 6.2% over the medium term.

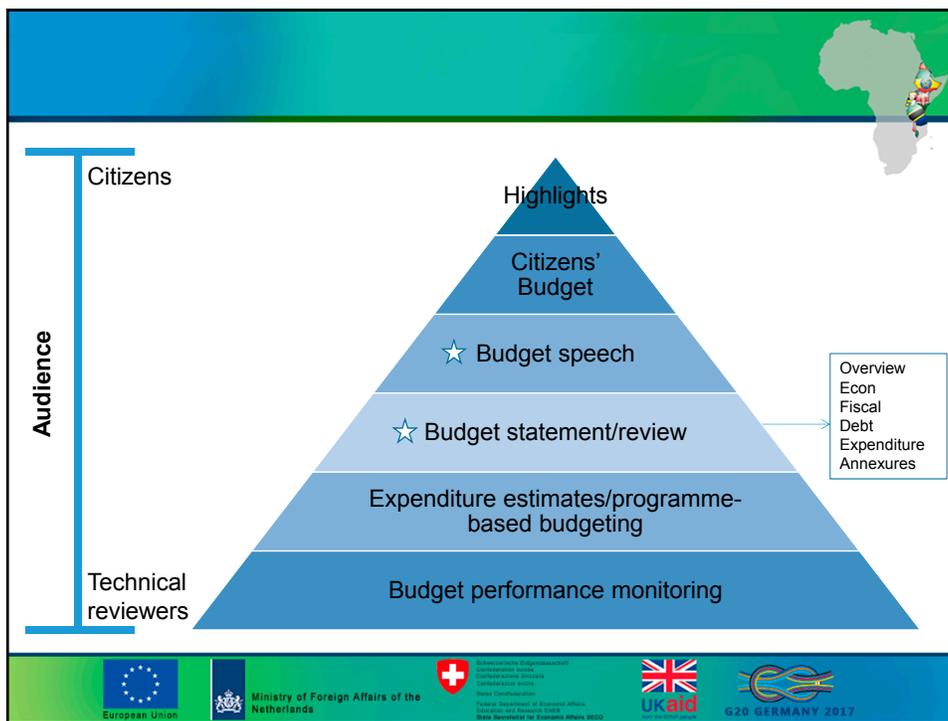
    

Summarising 

Summarising excerpts of the U.S. Federal Reserve's Monetary Policy Report:

1. Draft a header and summary sentence for each paragraph in the handout.
2. Using these summary sentences as a guide, draft a 100-word executive summary of the entire passage.



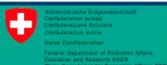
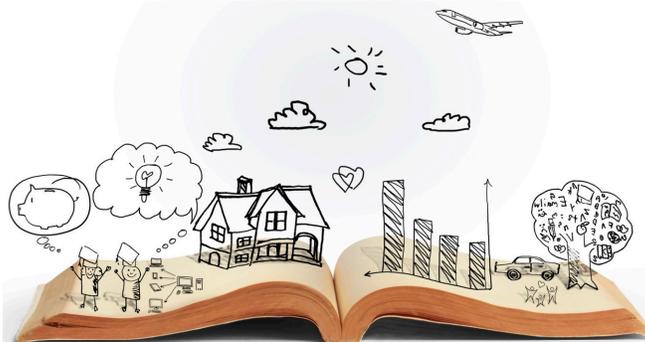
Principles of budget communication

Module 3

Peer Review Seminar

Narrative economics: Robert Schiller

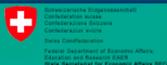
“We have to consider the possibility that sometimes the dominant reason why a recession is severe is related to the prevalence and vividness of certain stories, not the purely economic feedback or multipliers that economists love to model.”



Final exercise



- Applying lessons learnt in this workshop, write an executive summary of your government's latest budget.
- Ensure there is a story/policy focus.
- Include several key figures, but do not overwhelm the summary with numbers.
- Include one table or graphic highlighting a key economic or fiscal trend.
- Work in teams (country delegations work together to produce one document).
- Proofread your work.
- Ensure it has a heading. Format in 11-point Calibri.
- You have 1.5 hours to write **500 words maximum**.
- Email or transfer via flash drive to Warda.





Thank you

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