

# Q7: BUDGETING

10/11

## 1. Introduction:

A budget is a comprehensive outlay of expenditures and revenues of a specific fiscal year. It is formulated in order to keep a record of where the revenues are collected from and approximately how much are the expenditures. Various types of budget involve line-item budgeting, zero-base budgeting, Dissensus budgeting, Performance based budgeting. Budget tells about the expected deficits or surplus in that fiscal year. However, budget can, definitely be used as a policy and managerial tool.

"The budget is not just a collection of numbers; but an expression of our values and priorities"

Barack Obama.

## 2. What is Budgeting?

Budget is a plan of proposed revenues and spending outlays for the coming fiscal year. It sets forth the plan for allocating resources and indicate the policies and priorities of a government. A well developed budget:

✓ Reveals: the policy decisions of the governing board.

✓ Presents the financial plan for revenues and expenditures

✓ Reflects the operational plan of the government

✓ Is a communication device between the government and the public

### 3. Types of Budgeting:

#### 3.1 - Line-Item Budgeting:

This is a traditional approach of allocating funds to specific line items or categories. It shows the comparison between the financial data of the past budgeting periods and estimated figures of current and future budgets.

This technique is presumably less time consuming because the budget of a given year largely depends on the existing budget.

"Line item budgets are seen in many public sectors of Pakistan as a go-to method; owing to their simplicity, but they often fail to address the broader questions of efficiency and

effectiveness of resource  
allocation"

- Tribune

### 3.2 - Zero-Based Budgeting:

It refers to the idea of drawing up budget with no reference of the past at all and building a fresh assessment of methods and spending of resources. The budget makers start from Ground Zero. The essentials of zero-based budget are:

Decision Units - focus on specific activities and costs

Decision package - Identify and justify all expenses

Ranking of all decision packages -

Prioritize expenses on the basis of their importance

### 3.3) Performance - Based Budgeting:

The failure of traditional budget practices led to this type of budget. It shifted the emphasis from the means of accomplishment to accomplishment itself. It is a technique of presenting government operations in terms of functions, programs, activities and projects. It shows the work and services.

Performance Budget is prepared in functional categories (Education, Health, Agriculture)



further divided into activities



further divided into projects

This budget makes the objectives and purposes clear to the government.

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"In Pakistan, Performance-based budget has the potential to significantly improve the poor quality of public service delivery and the overall allocation of resources in what <sup>has</sup> ~~the~~ traditionally been viewed as rigid and unresponsive budget system"

(Evaluating Pakistan's Performance Based Budget)

According to Segal and Summers, there are three elements that are a part of PBR:

The Strategy  
(The plan)

Activities / Inputs  
(Work Breakdown)

The result  
(Goal, Object, final Outcome)

## 4. Budget as a Policy Tool:

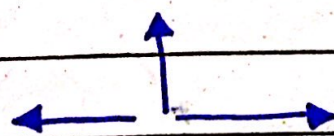
As a policy tool, budget reflects Government's priorities. It <sup>is an</sup> indication of what government wants to do. It prioritizes spending based on policy goals. It influences resource allocation and distribution among sectors and then programs.

### 4.1 - Instruments of Budget as a Policy Tool:

Allocation of Resources  
to various sectors /  
programs

Stabilization of economy by adjusting govt. spending and taxation

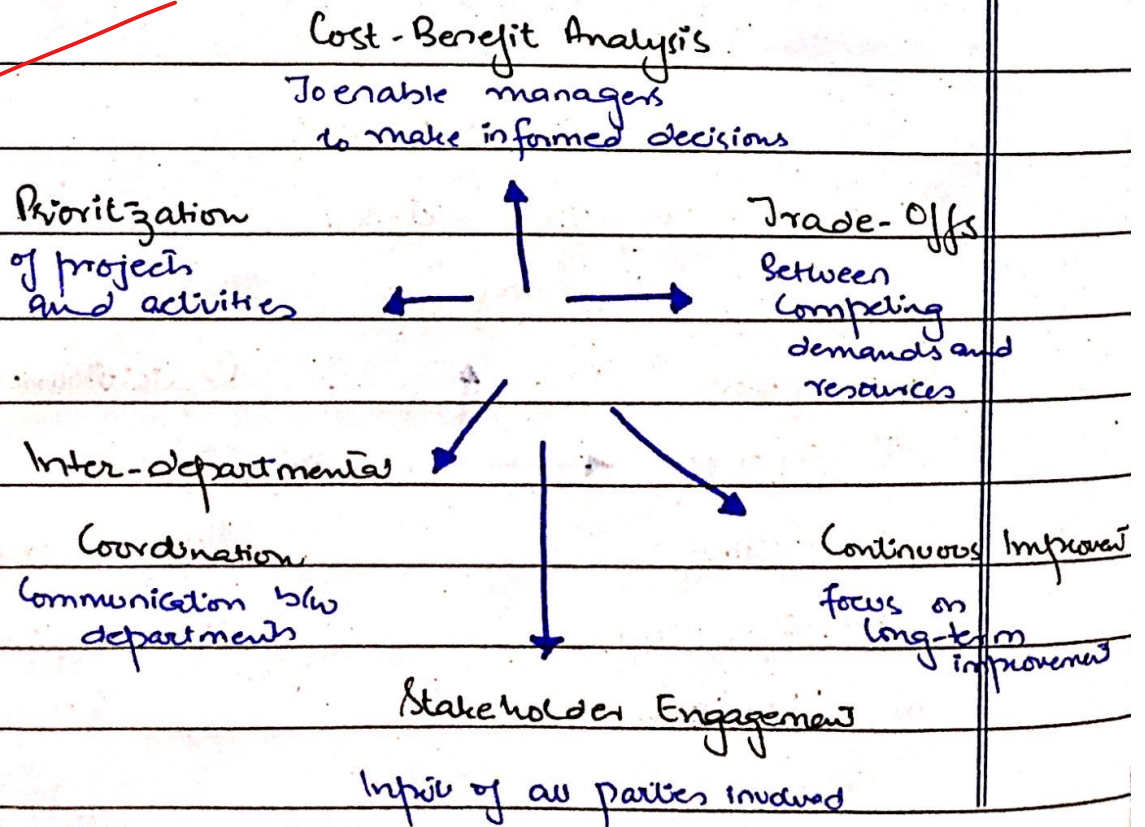
Redistribution of revenues through taxation and expenditure policies



## 5- Budget as a Managerial Tool :

In terms of budget as a managerial tool, it aims at performance measurement and evaluation. Measuring the efficiency and effectiveness, taking into account risk management and mitigation.

### 5.1) Instruments of Budget as a Managerial Tool:





## 6. Best ways to use Budget as a Policy Tool and Managerial Tool:

### 6.1) As a Policy Tool:

- Define clear objectives
- Allow participatory Budgeting
- Set-up Performance based budgeting
- Maintain fiscal discipline
- Ensure the involvement of policy developers

### 6.2) As a managerial Tool:

- Outlay Zero based budgeting
- Dynamic budget to provide flexible framework for planning and resource allocation
- Prefer activity based budgeting
- Involve key Performance Indicators (KPIs) to measure performance

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"Integrating Green and Gender-responsive budget into public finance management is another key objective - the need to address sustainable and inclusive budgeting practices"

(FY 2021-25 Budget)

## 6. Conclusion:

Budget, indeed presents a clear framework of revenues, expenditures and fiscal expenditures of a specific fiscal year. Depending on the priorities of the government and the time, it can be chosen from line item, zero based or ~~performance~~ based budget. It can be used both as a policy tool and as a managerial tool according to the need and requirement of the plan.

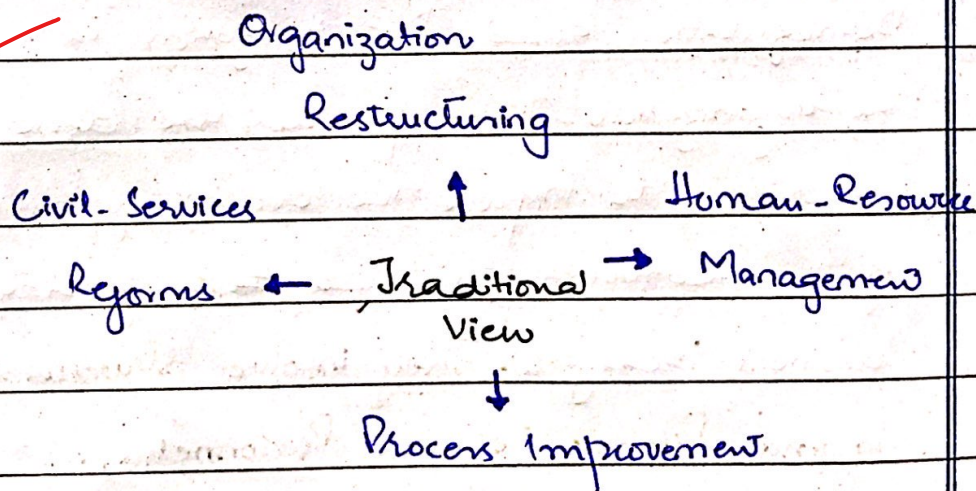
## Q8: Administrative Reform

### 1. Introduction:

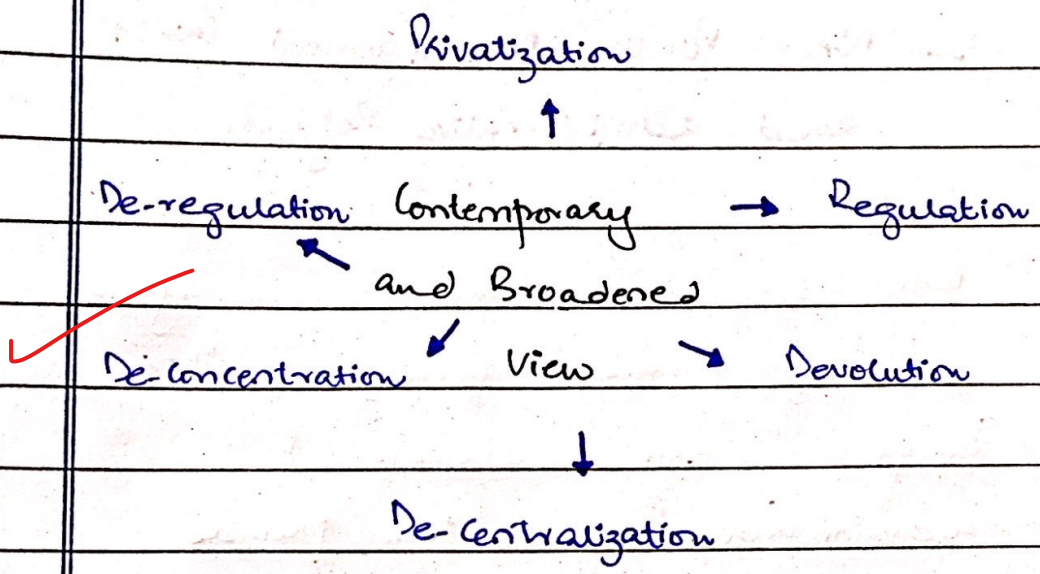
Administrative reform refers to a complete shift in the working, structure and function of the ~~to~~ administrative machinery. It is not merely restricted to the reform in the structure of the civil service, but also expands to the applications of Privatization, Regulation, De-regulation and Decentralization in the organization. These practices are done in order to improve the overall functioning of the administration and ~~to~~ to generate maximum benefits. They involve structural reforms, Process reforms, Personnel Reforms and Finance reforms ~~democracy~~. They aim to improve efficiency, enhanced accountability, better service delivery and increased citizens participation.

## 2. Administrative Reform: - a Reform in Structure of Civil Service.

According to the traditional view, administrative reform focuses on improving the internal working of Civil Services and the government agencies, aiming at:



However, the broadened scope of administrative reform allows to include other aspects that impact the functioning of public administration.



### 3. Theoretical Perspectives on Administrative Reforms:

#### a- Max Weber's Perspective.

Weber's bureaucratic theory emphasizes the significance of rational, efficient and impersonal administrative system. From this perspective, administrative reform focuses on creating a more efficient, effective and result-oriented bureaucracy. The reforms result in better functioning of civil service.

Est

## b- New Public Management (NPM) and administrative Reforms.

NPM deals with market based reforms, decentralization and privatization. This perspective also advocates for administrative reforms that promote efficiency, effectiveness and customer satisfaction.

## c- Public Choice Theory -

Public Choice Theory - a way to reduce bureaucratic inefficiencies and promote accountability, also aims at bringing administrative reforms. It also seeks to emphasize the importance of competition, decentralization and citizen participation.

#### 4. Privatization - as a scope of Administrative Reform:

Privatization, a major process of administrative reform is considered as a catalyst for economic recovery. It involves the shift of production of goods and services from government to private sector usually by selling assets.

A significant tool of administrative reform for generating growth by removing barriers of entry and exist from particular business



Attracting Foreign and local Investments



Opening up economy to Competition.



Generating more revenue

Dr. Ishrat Hussain's FEPOSE

Model of Privatization as a Tool  
of Administrative Reform:

~~F~~ Financial Restructuring

E Enterprise Restructuring

~~C~~ Corporate Governance

O Operational Efficiency

S Social Protection

5- Regulation - a Strategy of  
Administrative Reform:

~~Regulation~~ refers to establishing rules  
and standards to ensure accountability,  
transparency, and fairness in public  
service delivery. Imposing rules, standards,  
guidelines and principles by the  
government to control and direct  
the individuals, businesses and  
organizations.



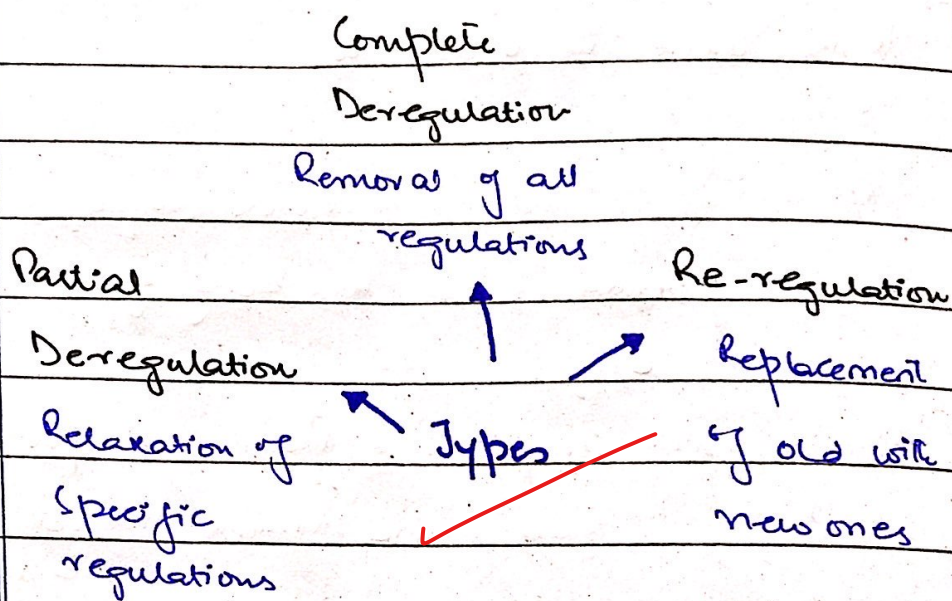
It is done in order to

1. Protect public interest - ensure safety health and well being of citizens
2. Promote fair competition - Prevent monopolies and ensure smooth market
3. Prevent market failures - address externalities, information asymmetry

## 6- De-regulation and administrative reforms:

De-regulation refers to the removal and reduction of government control and regulation, aiming at

- Increasing competition
- Promoting economic growth
- Reducing bureaucratic burdens



## 6- Decentralization =

Refers to the transfer of powers from the central government to the regional offices of ~~the~~ same government while maintaining ~~hierarchical~~ control.

The central government retains the ultimate authority and the decision making stays with the central government. However, the implementation and administration takes place at ~~the~~ local level.

7. Illustrations of administrative Reforms in Today's World:

Regulation

- Food and Drugs Administration Regulatory Authority (FDA)
- Environmental Protection Agency (EPA)

De-regulation

- Telecommunication Act (2002)
- Airline Deregulation Act

Privatization

- Privatization of Mezzan Bank
- PTCL Broadband

De-centralization

- 18<sup>th</sup> Constitutional Amendment
- Local Government Ordinance (2002)

## 7. Conclusion:

It can be inferred from the above discussion that the administrative reform is not merely restricted to the reforms in structure of civil service. It transcends to process reforms, personnel reforms, finance reforms, e-governance reforms and the overall organizational culture reforms. Some of the manifestations include regulation, de-regulation, privatization and decentralization which can be manifested in various enterprises in Pakistan to ensure efficiency and improve effectiveness.

satisfactory 12/20

## Q3: Politic-Administration

## Dichotomy

## 1. Introduction:

It goes without saying that in order to keep the system more efficient, it is necessary to keep the politics separate from administration. It can result in

✓ faster delivery of outcomes if the administrators only focus on execution rather than on negotiations and debates

over politics. The concept of politics-administration dichotomy is solely to

make the focus of politicians on policy making and setting goals while of administrators on implementing policies and delivering results. The

✓ arguments in favour and against this statement will be presented in the subsequent paragraphs.

## 2. Politics - Administration Dichotomy - an indispensable process :

It is an established fact that  
administration works best when it is  
working in isolation from the  
political sphere.

"The fully developed bureaucratic  
apparatus compares with other  
organizations exactly as does  
the machine with non-mechanical  
parts of production"

Max - Weber

The resemblance given by Weber is  
exactly as it happens in practical  
world. It keeps protecting the  
bureaucracy from political influence and  
limits the ability of politicians to  
control it.

2.1 - Keeping politics-administration

Separate results in Efficient

Implementation of policies:

Undoubtedly when the dichotomy of politics-administration takes place, it results in efficient implementation of policies.

Because of less to no interference of political culture, the policies maintain their essence.

"The field of administration

is a field of business and

it should be kept away

from the hurry and

stage of politics"

Woodrow Wilson.

2.2) Politics-Adm Dichotomy results

in implementation of Expertise

and Specialized policies!

Administrators can develop expertise

in areas of growth allowing them to make informed decisions and implement policies effectively.

✓ "Separation of politics and administration is a means

✓ of protecting bureaucracy from political interference;

but it also limits the

ability of politicians to

control bureaucracy"

(Max Weber)

2.3. ✓ The Dichotomy results in neutrality and impartiality:

Administrators can maintain neutrality and impartiality, making decisions based on merit and evidence rather than ~~political~~ consideration that hampers the effectiveness of policies.



2.4) The dichotomy Clarifies

Accountability :

Separating politics from administration can clarify accountability, as administrators are responsible for implementing policies and politicians responsible for setting and forming policies.

3- Manifestations of Successful Implementation of politics-administration dichotomy :

1) State Bank of Pakistan :

It is an autonomous institution responsible for monetary policies. Its independence has allowed in making decisions based on economic considerations rather than political pressures and biases.

## 2. Pakistan Tele-communication Authority (PTA):

An independent, regulatory body responsible for overseeing telecom sector. Its autonomy enabled it to make decisions on technical considerations rather than under political influences.

## 4. Challenges In the Way of Political - Administrative Dichotomy:

It is indeed, a strenuous job to ensure politics-administration dichotomy. ~~Due~~ to their interdependence and having a very blurred line between both.

"Dichotomy between politics

and administration is a

~~false~~ one. Administration is

a part of politics and politics,

a part of administration"

(Woodrow Wilson)

1. Blurred lines between politics  
and administration.

2. Separating both can lead to  
Lack of coordination b/w policy  
makers and implementors

3. It can result in administrative discretion-  
leading to inconsistent and  
unfair outcomes

4. It can reduce democratic accountability  
over bureaucracy.

More often than not, it becomes  
challenging to completely isolate  
politics from administration. However,  
it is significant if corruption,  
nepotism and other corrupt practices  
have to be avoided. The dichotomy  
is a challenge in itself for the  
government.

:05

"Implementation is a chief's  
heel in the ~~past~~ public policy  
of Pakistan. We need to  
strengthen our implementation  
Capacity"

Dr. Usraat Hussain

### 5. Conclusion:

To conclude, it can be fairly asserted that politics and administration should work in their separate spheres to ensure less interference, fair accountability, avoiding corrupt practices and to ensure effective functioning of both. However, some challenges exist in the way of ~~for~~ complete separation of both from each other, since they overlap and intersect at various points. The implementation of politics-administration dichotomy is significant in the long run and for overall functioning.

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# Q5- Accountability

## 1. Introduction:

Ensuring accountability in Public administration is crucial to promote transparency, efficiency and effectiveness. It is pertinent to keep a check on the overall functioning of a administration. There are various ways of doing that like program evaluations, performance measurements, audits. These are the essential tools to keep a check and balance on the administrative machinery. Different types of accountability are internal, external, vertical and horizontal and different methods are as audits, inspections, investigations, public hearing. Various tools and techniques are also implied to ensure that the working goes smooth free of biasness and external influence.

## 2- Theoretical Perspectives of Accountability:

There are some theories that explain how the accountability works and why it should be there.

### 2.1- Weberian Model of Bureaucracy:

Weber's theory emphasizes the importance of rational, efficient and Accountable bureaucracy. The Civil Service of Pakistan is a manifestation of Bureaucracy which is accountable.

### 2.2- Principal - Agent Theory:

This theory posits that the principal (the government) delegates authority to its agent (the bureaucracy) to act on its behalf. However, the

the agent may have its own interests and motivations, which may not align with the principles of the principal. In order to ensure that ~~accountability~~ is crucial.

### 2.3 - Network Governance Model:

The model reflects that the administration does not work in isolation but it is a network of relationships between different actors including NGOs, interest groups and the private sector and hence its actions are accountable to all.

### 2.4 - New Public Management (NPM):

NPM also emphasize the importance of accountability, efficiency and effectiveness in public administration.

### 3. Ensuring accountability through Program Evaluations, Performance Measurements & Audits:

Accountability is a mechanism that ensures that the administration is working smoothly free of biasness, external influences and personal motives and interests.

"Accountability is the measure of a government's commitment to transparency and rule of law"

Barack Obama  
(Former President US)

#### 3.1 - Program Evaluations:

There are myriad ways in which programs are evaluated and assessed.



Ways of  
Program  
Evaluation

Formative Evaluation

Conducted while the program is still going on to ensure improvements

Summative Evaluation

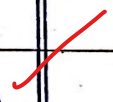
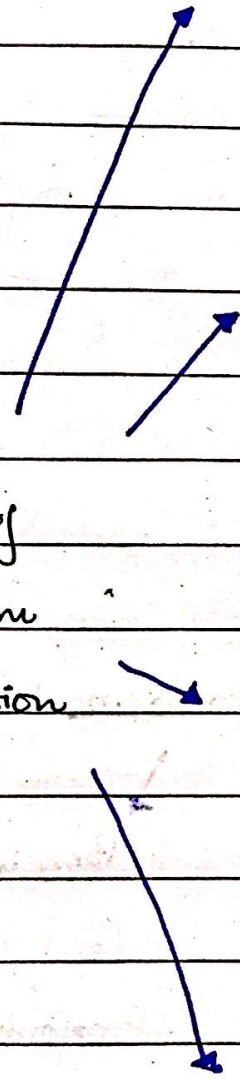
Conducted at the end of program to assess overall effectiveness

Process Evaluation

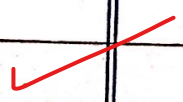
focuses on program implementation and operations

Outcome and Impact Evaluation

Conducted to examine the outcomes, impacts on the target population and the results



Good



### 3.2 - Performance Measurement:

The performance of the programs, activities and policies are measured by collecting, analyzing and reporting data to track progress towards achieving organizational goals and objectives.

#### Tools of Performance - Measurement

Key Performance Indicators (KPIs)

Quantifiable measures to evaluate progress

Benchmarking

Comparing performance data to best practices

Survey and Feedback Mechanisms

Collecting data from stake holders to assess

Satisfaction

### 3.3 - Audits :

Audits are systematic examinations of an organization's financial records, management practices and operational processes to ensure accuracy, reliability and compliance with laws and regulations.

#### Financial audits

Examining organization's financial statements

#### Methods

of  
conducting  
Audits

Compliance audits

Examines adherence to laws, regulations & policies

#### Operational Audits

Evaluates organization's operations efficiency and productivity

#### 4. Types of Accountability:

There are various types of accountability undertaken in an administrative setup to ensure smooth and efficient functioning.

##### 1. Internal Accountability:

Accountability towards seniors of same hierarchy.

##### 2. External Accountability:

Accountability to external stakeholders like citizens & others.

##### 3. Vertical Accountability:

Accountability to public administrators in the hierarchical structure.

##### 4. Horizontal Accountability:

Accountability to colleagues and personnel present at the same management levels.

## 5. Methods of Accountability:

As elaborated before, the various methods of accountability are

- Program Evaluations
- Performance measurements
- Audits
- Inspections
- Investigations

## 6. Manifestations of Accountability from Pakistan's Perspective:

Various types and methods of accountability are used in the Pakistani administrative structures.

Some of the examples are:

### 1. NAB - National Accountability Bureau:

An anti-corruption agency that is responsible for investigating and prosecuting corruption cases in both

political and non-political sphere.

2. Pakistan Citizens Portal :

Allows the citizens to lodge  
complaints and track progress of  
government services

3. Audits of Federal Government  
Finances, NAB, PIA :

The respective audits aim  
at conducting the checks and  
balances to ensure the rule of  
law and effectiveness of their  
strategies.

"Social audits are a powerful  
tool of reducing corruption  
by creating transparency in  
use of public resources"

(Transparency  
International)

## 7. Conclusion :

It goes without saying that the functioning of any public administration body needs to be ensured whether it complies with the due standards, rules and regulations or not. In order to do that, an effective accountability mechanism involving audits, program and performance evaluations etc is designed to rule out corrupt and inefficient practices from the system.

"The ultimate goal of good governance is to create an environment where citizens thrive and the government is accountable to people"

UNDP

i hope you have written all this well in time  
over all answers are good and cover all aspects of  
questions satisfactory over all

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