A Pre-budget Exercise as a Pro-poor Development Tool*

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Abstract

In the Tenth Plan (2008 – 2013), the Royal Government of Bhutan introduces a new results-based planning framework to help achieve its strategic commitment to poverty reduction. The three-year rolling Medium Term Fiscal Framework seeks to integrate development priorities, budgeting procedures, and implementation outcomes into a "dynamic, efficient, responsive, and results oriented" process (Draft Tenth Five Year Plan: [2008 – 2013]). This paper attempts to underline some of the issues relevant to, specifically, the expenditure budgeting facet or, explicitly, the Medium Term Expenditure Framework process of the proposed framework. It presents some qualitative (and quantitative) evidence for the incorporation of such a pre-budget exercise in the national budgeting process. And it seeks to reason that the benefits of such a practice inevitably accrue to the poor in developing countries. To do so, I draw heavily from the works of two World Bank authors- Philippe Le Houerou and Robert Taliercio- whose research in the Africa region demonstrates many similarities and sheds much light on the experiences with the MTEF in Bhutan.

Introduction

A general consensus in development studies is that there is a significantly positive relationship between economic growth, income distribution, and poverty. The rise in mean incomes, contingent on neutrality with respect to income distribution,

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* The term "pro-poor development tool" has been previously used in an MTEF document prepared for the erstwhile Department of Budget and Accounts, Ministry of Finance, Royal Government of Bhutan. The views presented in this paper are solely those of the author's and do not necessarily reflect those of the Ministry of Finance, Royal Government of Bhutan. My sincerest gratitude to Mr. Karma Tshiteem.

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is shown to be favourable for the poor.[1] National governments of developing countries all over the world use a mix of both fiscal and monetary policies[2] to try and achieve these goals. But the disproportionately large role and importance of government in poorer countries have increasingly led to a focus on its fiscal powers such as tax and expenditure policies[3] to redistribute income, and thus, to alleviate poverty. Even here, the primary emphasis is often on government expenditure policies given the limits of taxation, especially in poor countries, as evidenced from a number of empirical studies.[4] This is why sectoral allocations, subsidies, public investments, and, for some, entitlements, rank high as redistributive budgetary practices.

Clearly the normative goal of equity is inherent and widely addressed in most public expenditure programs. What receive less attention are the inefficiencies in the budget management systems and processes of developing country governments in ensuring that their modest resources meet the needs of the largest number of constituents. This paper emphasises then that it is not just the “end” allocation which is important, but the “overall” expenditure process which needs to be pragmatic for reasons of scarcity of resources, weak capacities and other such shortcomings endemic to developing countries as discussed further on.

A step in achieving this is to reform conventional budget practices by incorporating a “pre-budget exercise” which takes stock of the resources available (or not available), and

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[1] See Khan (2001) for public policy implications of rural poverty in developing countries.
[2] Perkins et al. (2006) use the term “financial policy” synonymously with “monetary policy.”
[3] See Perkins et al. (2006), especially chapter twelve, for more on fiscal policy strategies adopted by governments in developing countries for redistribution purposes. .
[4] See Perkins et al. (2006) footnotes 21, 22, 23, and 25 on p. 466 and p. 469, which refers to various studies on the implications of tax reforms in Latin America, Malaysia and Indonesia.

links this assessment to expenditure planning in a dynamic medium-term agenda of three or five years. The medium-term expenditure framework (MTEF)[5] provides this linking structure by matching the "bottom-up" costs of programs and policies with a "top-down" resource-ceiling[6] (Houerou & Taliercio, 2002). Such exercises that provide a basis to (re)structure the expenditure process so that it "is driven by policy priorities but disciplined by budget realities" (World Bank, 1998) are particularly productive in developing countries characterised by less-than-effective decision-making processes and a lack of fiscal discipline, which is why many experience wide disparities in what has been promised and what is realistically affordable because their policies, plans, and budgets are often largely disconnected.[7]

There are three main parts to this essay. The first lays out a framework for understanding the notion of the "MTEF pre-budget exercise" – that is, the functions, capabilities, and grounds for such a fiscal mechanism. This framework will explain why, in most developing countries, there is a need to restructure expenditure planning in this way as opposed to the traditional yearly budget cycles. The second part looks at

[5] The World Bank (WB) is the foremost researcher and advocate of the MTEF. They are particularly focused on developing countries in Africa. However, the Asian Development Bank (ADB) and the International Monetary Fund (IMF) has also advocated this exercise, albeit with lesser intensity.

[6] Also referred to as a top-down "resource envelope."

[7] It is important to note here that the medium-term expenditure framework is but one step in the overall process of public expenditure management. The medium-term fiscal framework (MTFF) is the first, but typically consists of only a statement of objectives, and a set of integrated fiscal targets and projections. The second, medium-term budget framework (MTBF), seeks to develop medium-term budget estimates for every spending agency. Its objective is to allocate resources to the country's strategic priorities and ensure that these allocations are consistent with the overall fiscal objectives. This is not addressed here since our concern is of distributional efficiency (processes) and not of resource allocation (ends).

the issues in implementation, particularly how such an expenditure policy can be translated into an effective instrument for poverty alleviation. These issues sharply limit the successful adoption and implementation of this pre-budget exercise. The final part draws upon the experiences of countries that have instituted such processes, and presents some qualitative (and quantitative) evidence that, in developing nations, the patterns of benefit from pre-budget planning progressively favour the poor.

The Pre-budget exercise

When the expenditure policies of governments fail to deliver services or redistribute income to the poor, a good place to start looking for the underlying problem is almost always how the government spends its money.[8] The budget is a critical link to understanding if the shortcomings arise from (among many other factors that are not discussed here) the unsustainability of programs because policy-makers and politicians promised more than is affordable, i.e. there is a mismatch between bottom-up "needs" and top-down resource "availability." Or, because funds are misallocated between varying phases and needs of a program resulting from a lack of coherent multi-year agenda of policies, plans, and budgets.

The medium-term expenditure framework approach, therefore, complements the standard budget process because it integrates the policy and planning stages with the budgeting and allocation stages. But most importantly, it provides a platform for harmonising priority-driven expenditure programs with scarce resources over a medium-term of three or five years.[9] How the MTEF achieves this, is outlined in the following paragraphs.

A typical budgeting practice in most developing countries is performed on an annual basis. The restrictive time-frames of

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[8] See, World Bank. (2003). *World Development Report 2004: Making Services Work for Poor People*. Washington, D.C. IBRD, p.181.
[9] See Figure 1. The MTEF Process in the Appendices Section.

these yearly budgets mean that events out of a plan period, e.g. macro-economic realities, expected future revenues (or deficits), and the long-term requirements of programs and government spending policies, are not thoroughly accounted for across or even within fiscal years. This is aggravated by weak monitoring and evaluation capacities. The MTEF, as a corrective measure, is a rolling pre-budget exercise in that, the first year's estimates becomes the basis for the subsequent year's budget and so on, after accounting for economic changes and policies. This aspect allows for a degree of monitoring and relatively smoother integration of policies, plans and budgets across financial years.

However, the real value that the MTEF adds to a traditional budget process in poorer countries arise from its capacity to vertically integrate and match the top-down resource envelope with bottom-up costs of programs and policies in a multiyear framework.[10] Specifically, after a government has developed its medium-term growth strategy, the respective finance ministries[11] determine and forecast its revenue inflows over the next three or five years (whichever is relevant). At the same time, preliminary budget calls are also issued to the various spending agencies. The review of the country's financial position is then relayed as a resource ceiling to the government and its agencies as a basis for estimating and adjusting their sectoral spending.

The balancing of agencies' spending within a manageable resource ceiling so that revenues and costs remain sustainable and consistent with medium-term projections is, therefore, a key strength of this fiscal exercise. It facilitates greater macro-economic balance, improved sectoral allocations, greater budget predictability for agencies, and, generally, a more efficient use of public money. In addition, it

[10] See Figure 2. The MTEF "Top-down" – "Bottom-up" Link in the Appendices Section

[11] And, consequently, the respective budget departments or accounts departments.

also alleviates some of the shortcomings endemic to developing countries that were highlighted above.

For example, it is often the case that poor countries are characterised by weak institutional capacities and a lack of political plurality. As such, pro-poor priorities such as health, education, and welfare are often subject to not only inefficient, but also insufficient resources. The national budget, however, experiences ballooning increases in other expenditure such as payroll and contracts. This is indicative of structural decay and corruption. In the traditional budget system, there are relatively fewer controls for such increases in spending. And the prioritisation and allocation of resources, for good or bad, remains largely, a political affair. The MTEF is a practical mechanism for not only fiscally disciplining the unrealistic promises of elected officials in such disabling conditions, but also to some extent, sheltering pro-poor budgetary commitments from the vagaries of changing governments and politicians.

The consequences of institutional weaknesses are also manifest in the international commitments of developing countries. The need for investment in capital projects (and current expenditures) to drive long-term growth, generally leads most to seek additional resources from external multilateral and bilateral sources.[12] But, the limitations of their fiscal plans and processes (let alone other prevalent shortcomings), call to question the efficiency with which these monies are directed to development efforts and, also, the borrowers' credibility in servicing these debts. It is not by chance that forty-one of the poorest countries in the world are also the most highly indebted.[13] The MTEF is, therefore, not

[12] These are funds to fill in a country's "financing gaps", which is the difference between government expenditure (capital and current) funded from its own coffers and total expenditure funded by domestic plus international commitments. It is often made up of aid, grants, and other borrowings.
[13] See International Development Association (IDA) and International Monetary Fund (2007). "Heavily Indebted Poor Countries (HIPC)

only a pre-budget fiscal tool to demarcate and allocate scarce resources to strategic priorities without infringing on the government and its agencies' spending priorities, but also a safeguard against compromising the country's international credit-worthiness. These are some of the primary reasons why a pre-budget MTEF exercise is valuable as a complementary segment to the traditional budget process in developing countries. It separates strategic commitments to poverty alleviation from the electoral concerns of weak political and bureaucratic institutions by managing resources and expenditures; controlling unsustainable and erratic borrowing; and fixing targets on broad indicators of fiscal performance such as primary deficit, resource mobilisation, and total investment expenditure. In procedural terms, it also puts national budget processes on a planned and sustainable path towards utilising public monies effectively in delivering services to the poor year after year.

Issues in implementation

The conceptual strength of the medium-term expenditure framework is broadly acknowledged. There are concerns, however, about the issues involved in moving this exercise from the theoretical to the operational arena. Weak institutional capacities and a lack of efficient policies and plans hinder the operation of programs which aid the flow of benefits to the most disadvantaged sections of societies in developing countries. In addition, experiences in Africa[14] have shown that the implementation of MTEF reforms are impeded by the fact that: 1) basic foundations of budget and public expenditure management in developing countries are very weak; 2) donor demands for complex and comprehensive

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Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation", p. 3. This figure includes: 22 countries that qualify for irrevocable debt relief; 9 countries that qualify for debt assistance; and 10 countries that are potentially eligible and may wish to avail themselves under the enhanced HIPC Initiative.

[14] See, World Bank. (1998). *Public Expenditure Management Handbook*. Washington D.C. IBRD, p.39.

reforms far outpace host-country's implementation capacities; 3) other institutional support-apparatus to complement budget reforms are also weak; 4) line ministries often have little time, information, and incentive to submit to reforms dictated by the finance ministry; and 5) fiscal reforms are often focused only on technical issues and exclude political and institutional considerations. In line with the objectives of this paper, these issues will be addressed as part of a broader inquiry about possible roadmaps for such reforms; and why political and bureaucratic interests are important for a successful implementation of the MTEF as a development tool.

First, the implementation process can emulate the ideals of the MTEF itself. Where the pre-budget exercise seeks to match needs and availability, its implementation can benefit from matching the aspirations of donors (and governments) with the capacities of the budget and other institutional support-apparatus of the host country. This practical grounding keeps expectations in check while identifying areas that need reinforcement. It also strengthens the idea that the MTEF alone cannot deliver efficient and effective public expenditure management, but that "it is only a complement to (and not a substitute for) basic budget management" (Houerou & Taliercio, 2002). It needs the support of other institutional mechanisms.

These are important considerations in "sequencing" budgetary reforms, so that implementation is introduced either horizontally by "piloting", i.e. gradually widening its scope across sectors from high-priorities such as health, education, and welfare[15] to low-priorities such as subsidies, tax-breaks, and luxury goods imports; or, vertically by "phasing" [16] across MTEF levels – aggregate, sectoral, service

[15] See Houerou, P. L. & Taliercio, R. (2002). "Medium-Term Expenditure Frameworks: From Concept to Practice. Preliminary Lessons from Africa," *Africa Region Working Paper Series*, 28, p. 26.
[16] For more on the concepts of MTEF "phasing" and "piloting" see, Houerou, P. L. & Taliercio, R. (2002). "Medium-Term Expenditure

delivery (as shown in Figure 2) – on a government-wide basis. Houerou and Taliercio (2002) add that implementation can also be carried out using both pilots and phase-ins by "operating in a limited number of sectors (horizontally) and levels (vertically)." There is no exact specification as to which sequence is better. But the decision to implement MTEF reform as a pilot, phase-in, or a mixed approach based on a match of donor demands and host country's capacities and basic public expenditure management conditions, is an important basis for an effective and efficient budget process that yields tangible gains. The recognition of such gains is then crucial to the successful adoption of fiscal reforms in developing countries.

Secondly, even a well-specified and productive fiscal process is not always successfully adopted. It is often observed that while a reform process demonstrates the capacity to trickle resources to appropriate redistributive priorities and debt-servicing plans, there is little political and bureaucratic "will" to support these reforms. These conditions render MTEF reforms "toothless" at best. Two sets of incentives need to be addressed here: 1) the incentives for politicians and 2) bureaucratic incentives of central and sectoral ministries to participate in budget reform and implementation. In developing countries where constituency expectations are high, elected officials are likely to promise more than can be feasibly delivered. A budget envelope restricts such discretion, making it undesirable to many politicians. A failure to appreciate the nature of MTEF, which seeks to fiscally discipline and prioritise the country's long-term development goals within its limited means, also lead most politicians with short-term objectives in mind, to veto it.

Similarly, the bureaucratic incentives for central and sectoral ministries need to be specifically addressed if they are to contribute unequivocally to the process. Like many other

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Frameworks: From Concept to Practice: Preliminary Lessons from Africa," *Africa Region Working Paper Series*, 28, p. 28.

reforms, the MTEF creates winners and losers. Therefore, if the costs and benefits of reforms are not at least accurately estimated, it is not only non-priority sectors (losers) who stand to give up the most that will reject them, but also priority sectors (winners) who will disregard the credibility of the reform's promised benefits.

There are preventive measures to political influences and bureaucratic non-compliance however. One noteworthy proposal is that the preparation of the MTEF should involve broad consultative processes. If results are viewed to be productive and legitimate, legislative and public pressure may dissuade political executives from straying too far[17] from the development strategy and pro-poor commitments of the MTEF. For bureaucratic agencies, positive incentives such as flexibility and autonomy in determining their own spending priorities within their resource envelope will enhance their participation.

Therefore, the recognition and attention to issues of sequencing and incentives in the implementation of budget reforms, is a key step towards creating a broad consensus that fiscal tools such as the MTEF enhance the effectiveness and efficiency of budget systems in sustaining the delivery of public goods and services to the poor.

Experience and evidence

But do MTEFs really deliver on its promises? And what are its implications for the poor in developing nations? To answer these questions, I draw from a preliminary comparison of fiscal reforms in the Africa region by Philippe Houerou and Robert Taliercio (2002) for the World Bank. Their study includes nine countries, among which two (South Africa and Uganda) have instituted comprehensive MTEF reforms; three (Kenya, Tanzania, and Ghana) are in the intermediate stages;

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[17] See Houerou, P. L. & Taliercio, R. (2002). "Medium-Term Expenditure Frameworks: From Concept to Practice: Preliminary Lessons from Africa", *Africa Region Working Paper Series*, 28, p. 34.

and four (Mozambique, Malawi, Rwanda, and Guinea) are in the basic stages of implementation.

There are some limitations to the study. First, the assessment is limited by the lack of data produced in these countries.[18] Second, quantitative analysis of MTEF reforms is restricted to just three cases – South Africa, Uganda and Tanzania, who were included only because of the availability of data. A question of selection bias arises here. Third, the qualitative analyses of the first five countries[19] in the group are based strictly on donor documents such as internal World Bank memos and perspectives of country-economists. The picture of the progress of reforms in these countries is incomplete. And fourth, the lack of data has also meant that only a subset of outcome indicators is analysed. These are macro-economic/fiscal balance, resource allocation, and budgetary predictability.[20] The evidence of efficiency in the use of public funds after MTEF reforms, which is of interest to this paper, is not presented.

Despite these limitations, important inferences can be drawn from the conclusions of Houerou and Taliercio to support our theory that MTEF reforms are catalysts for enhancing commitments and spending on pro-poor priorities in developing countries. The analysis of trends in resource allocation in Africa, specifically government expenditure on priorities such as health, education, and welfare in the pre-MTEF versus post-MTEF period, provides some proof of this. Some of the systematic benefits that accrue from implementing MTEF pre-budget reforms are discussed below.

One of the objectives of MTEF reforms is fiscal discipline. I

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[18] The authors acknowledge the lack of data as a primary limitation to their study as well. See p.16.

[19] Houerou & Taliercio (2002) include only the first five countries in their qualitative analysis because of a lack of regular expenditure reports in the latter four countries. They are only in the basic stages of implementing the medium-term expenditure framework.

[20] See Houerou & Taliercio (2002), p.17.

have emphasised that the mechanism would regulate not only the activities of domestic spending agencies and actors, but also country activities in the international arena. In Houerou and Taliercio's study, a country's fiscal deficit (revenues minus expenditures) is used as the proxy indicator for fiscal discipline. The authors find no evidence to support the hypothesis that fiscal reforms are correlated with improved national fiscal discipline. Uganda, South Africa, Ghana and Tanzania all record minimal to no reduction in fiscal deficits (as a percentage of Gross Domestic Product) over the period 1985 to 2000 during which the MTEF was implemented.[21] The authors, however, state that their analysis is simplistic and does not take into account various causal factors (e.g. macro-economic shocks, adjustment, and fluctuations in debt payment), which weaken the explanatory power of their results. In terms of the fiscal behavior of elected officials, the study does find some subjective evidence that MTEFs lead to more accountability. In Kenya, South Africa and Tanzania, where MTEF formulation is based on public hearings, civil society representation, and other consultative meeting processes, it has, by some accounts, led to budget appropriations based more on "professional criteria than on political calculations" (Houerou & Taliercio, 2002). This positive result for accountability is a valuable reinforcement to fiscal reforms.

Furthermore, there is little evidence to support the proposition that MTEF reforms lead to budget predictability. Houerou and Taliercio use the absolute difference between the approved budget and executed budget expressed as a

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[21] There are studies, however, with results that are contrary to Houerou and Taliercio's conclusions. In fact, they (Houerou & Taliercio) note that authors like Allister Moon, whose study (1997) of "Uganda's Budget Framework" and David Bevan and Geremia Palomba's (2002) "The Ugandan Budget and Medium Term Expenditure Framework Set in a Wider Context", argue that MTEFs have been successful in achieving macro-economic stability and that expenditures were matched to revenues in order to manage fiscal deficits.

percentage of the approved budget[22] in any given year to analyse this outcome. In the two cases of Uganda and Tanzania used in their analysis, there is no significant relationship between fiscal reforms and budget predictability even for priority sectors. In fact, as the authors emphasise, there is considerable difference between budget formulation and execution in these countries. As I have noted, this is detrimental to the credibility of the reform because it may lead winners or the priority sectors (let alone the losers or non-priority sectors), to disregard and ultimately reject the benefits espoused by the MTEF. However, it is important to note here that these results only hold for a limited number of years given that MTEF implementation in most African countries is still in the preliminary stages. At this point, it is simply difficult to clearly associate the results of MTEF reforms with its objectives of macro-economic stability, political accountability, budget predictability, and the overall effectiveness of the MTEF process.

On a more positive note, there are encouraging findings in terms of resource allocation. Houerou and Taliercio find that budgetary reforms are associated with the (re)allocation of resources to government priorities. I use this as a justification for the hypothesis that, in the countries who have instituted MTEF reforms, there is a positive tendency towards pro-poor commitments and spending as indicated by a comparison of the overall health, education, social services, and welfare expenditures in Uganda and South Africa[23] before and after reforms.

The real annual change in sectoral spending in Uganda in Table 1 shows that MTEF reform outcomes are most prominent for pro-poor priorities such as education and health. In education, we see an increasing real annual change from -0.06 percent in 1994/95 to 0.36 percent in 1995/96,

[22] This method is known as the “Budget Deviation Index” (BDI).
[23] See Table 3. Sectoral Expenditures of Uganda; and Table 4. Sectoral Expenditures of South Africa in the Appendices Section.

0.15 percent in 1996/97, and 0.23 percent in 1997/98. Houerou and Taliercio note that education sector spending grew from 19.8% of total expenditures in 1994/95 to 26.9% in 1997/98.[24] In terms of health, the allocations increase, but remain inconsistent from year to year. This is true for expenditure in other pro-poor programs such as social services and agriculture.

The South African story is significantly better in associating MTEF reforms with not only increased sectoral spending for pro-poor priorities, but also in showing that government spending is gradually reallocated from non-priority sectors to priority sectors (Table 3). Table 2 shows that – as a share of total actual expenditure – education receives the largest and most persistent government commitment and spending. This is also true of spending on education as a percentage of total MTEF expenditures. Other priorities such as health, welfare, and justice increase their share of total expenditures marginally from 1997 to 1998 as well. In terms of reallocation of resources, we see marginal decreases in South Africa's defense spending as a percentage of total expenditures (Table 2) as well as a percentage of total MTEF expenditures (Table 3). This would – to some degree – explain the affordability of increases in spending for the priority sectors.

Conclusion

Therefore the limited quantitative evidence from Houerou and Taliercio's preliminary analysis of MTEF reforms in Africa suggests that budgetary reforms are correlated with some levels of sectoral (re)allocation to top priority sectors such as education, health, welfare, and social services. This does not mean that all government expenditure is allocated or re-allocated to priorities, or even that, the prescriptions of the

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[24] These figures are not presented in Table 1 in the Appendices Section. Houerou and Taliercio present these numbers based on the findings of other studies cited in their paper. They also note that "total expenditure" refers to only recurrent expenditure and capital expenditure financed by the African country government itself.

MTEF are used in practice. There are trade-offs which are unique to individual cases. For example, in the three countries that have implemented the MTEF comprehensively, Uganda prioritises and allocates to the education sector; South Africa to health and justice; and Tanzania to social services. Further research using a wider sample of countries over a number of years will help shed more light on the significance of relationships (if any) between budget reforms and priority sector spending.

For now, it can be inferred from the preliminary evidence presented by the World Bank authors that the encouraging spending trends in the areas of health, education, welfare, and social services, which have generally been positively correlated with economic growth and poverty alleviation in most developing countries confirms – in some measure – the proposal of this paper, which is that, pre-budget exercises such as the MTEF progressively favour expenditures on pro-poor programs, and, therefore, the poor.

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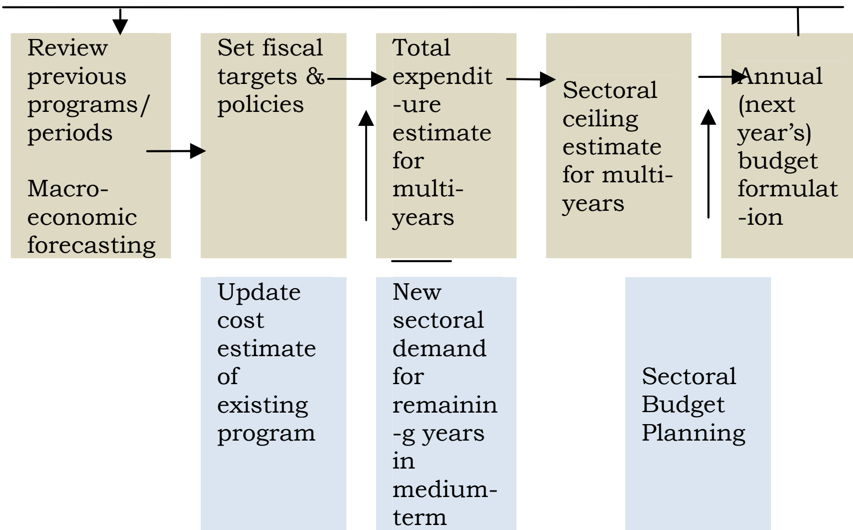
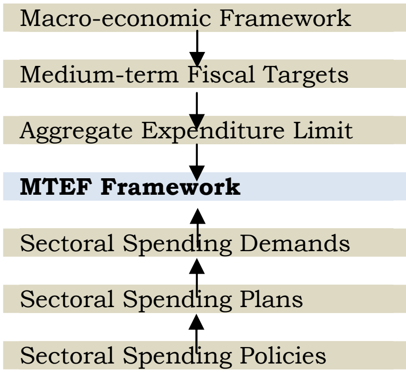
Appendix

Figure 1. The MTEF Process



Adapted from: *PEM Handbook* (World Bank, 1998: 32) & "MTEF/Top-Down Budgeting" (Kim: 2004)

Figure 2. The MTEF "top-down" – "bottom-up" link



Source: *Medium-Term Expenditure Framework as a Pro-poor Development Tool – Implications and Basic Guidelines for the DBA.* (Royal Government of Bhutan & the UNDP, 2004: p.12)

Table 1. Sectoral Expenditures: Uganda (Real Annual Change in %)

	Sector	FY94/95	FY95/96	FY96/97	FY97/98
1	Health	0.22	-0.15	-0.11	0.20
2	Education	-0.06	0.36	0.15	0.23
3	Economic Functions & Social Services.	-0.31	0.22	-0.30	0.03
4	Agriculture	-0.42	0.07	-0.19	0.01
5	Roads & Works	-0.01	0.82	-0.30	0.50
6	Security	-0.05	0.14	-0.22	0.60
7	Law & Order	0.09	0.04	0.00	-0.04

Source: Houerou & Taliercio (2002: p.19)

Table 2. Sectoral Expenditures: South Africa
(As a Percentage of Total Actual Expenditures)

	Sector	1997/1998	1998/1999	1999/2000
1	Health	14.4%	14.5%	14.8%
2	Education	28.2%	27.9%	28.0%
3	Welfare	11.3%	11.4%	11.7%
4	Economic	6.6%	7.0%	5.9%
5	Infrastructure	14.6%	14.8%	12.8%
6	Justice	11.7%	13.0%	13.5%
7	Defense	7.5%	7.1%	6.4%

Source: Houerou & Taliercio (2002: p.20)

Table 3. Sectoral Expenditures: South Africa
(As a Percentage of Total MTEF Expenditures, 1999/2000)

	Sector	MTEF (1998)	Budget	Actual Outcome
1	Health	14.5%	14.8%	14.8%
2	Education	28.6%	27.5%	28.0%
3	Welfare	11.7%	11.5%	11.7%
4	Economic	5.5%	6.6%	5.9%
5	Infrastructure	13.8%	12.3%	12.8%
6	Justice	13.1%	13.0%	13.5%
7	Defense	6.7%	6.6%	6.4%

Source: Houerou & Taliercio (2002: p.20)

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